

# State of Mississippi

# Single Audit Report

for the Fiscal Year Ended June 30, 2016

MISSISSIPPI



**Stacey E. Pickering**

State Auditor

**Office of the State Auditor**

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

April 21, 2017

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

I am pleased to finally submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2016. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 of the U.S. Code of Federal Regulations Part 200)*, and the State of Mississippi's audit requirements.

As you know, both the Single Audit Report and the Comprehensive Annual Financial Report (CAFR) for the State were significantly late for the second year in a row. The CAFR is due to the Government Finance Officers' Association (GFOA) by December 31<sup>st</sup>; and the Single Audit is due to the Federal Office of Management and Budget (OMB) by March 31<sup>st</sup>. The Department of Finance and Administration (DFA) was forced to request multiple extensions for these reports due to the inability of State Agencies to provide required information timely to both DFA and my office. These agencies were ill prepared for their duties as it pertains to accounting and audit functions.

Additionally, I feel it is important to note that, since the inception of the Single Audit Act was enacted in 1996, the Office of the State Auditor has never issued an adverse opinion on a federal program until this fiscal year. Combined with the multiple adjustments required by DFA and my office for the CAFR, it marks the most problematic statewide reports filed by my office in recent history.

While I am pleased to report that, for the twenty-ninth consecutive year, DFA was awarded the Government Finance Officers Association of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting, it is important to note that this award is bestowed on DFA for its adherence to standards when compiling the report, and does not consider the actual financial condition of the state.

Additionally, it is important to note that my office issued an unmodified opinion on those financials, but that in order to do so, multiple significant adjustments to the financial reports submitted by state agencies were required. I would encourage you to review the audit findings issued by my office and our partnering CPA firms. These findings are a vital part of our report as they acknowledge weaknesses existing in our state agencies that should be addressed by management and those charged with governance.

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2016 and our report thereon, dated April 21, 2017, has been issued under separate cover and is available electronically at <http://www.dfa.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration  
Attention: Bureau of Financial Reporting  
P. O. Box 267  
Jackson, MS 39205

The Governor, Members of the Legislature  
And Citizens of the State of Mississippi  
Page 2

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data.

Respectfully submitted,

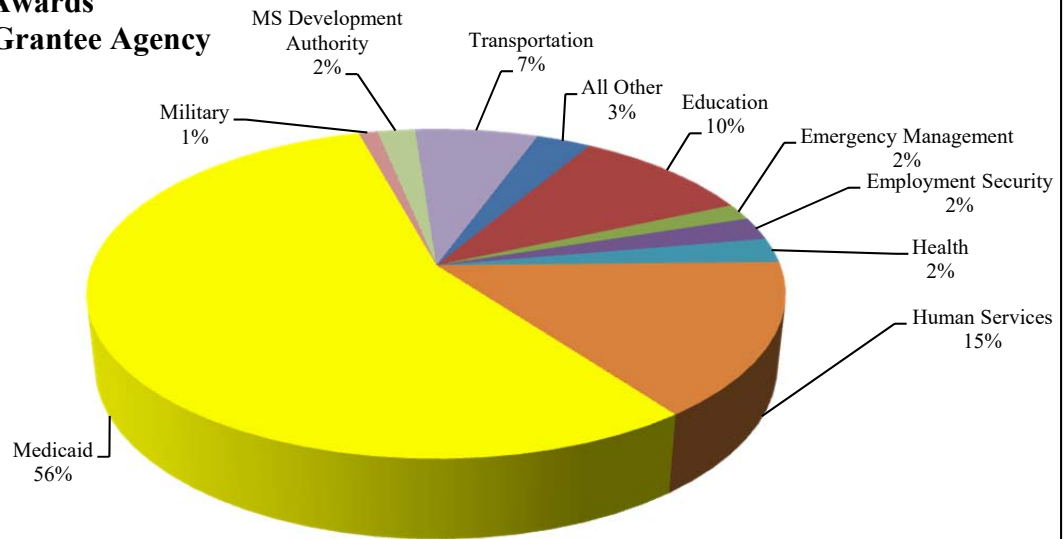
A handwritten signature in black ink, appearing to read "Stacey E. Pickering". The signature is fluid and cursive, with a large initial "S" and "P".

**STACEY E. PICKERING**  
State Auditor

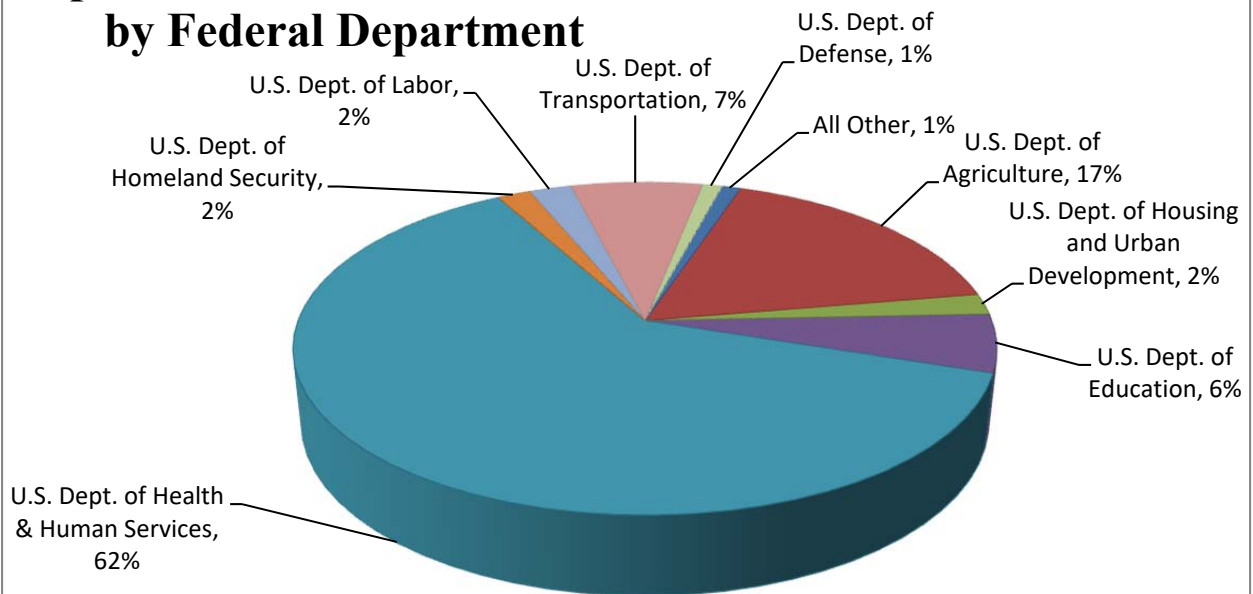


## STATE OF MISSISSIPPI Fiscal Year 2016

### Expenditures of Federal Awards by State Grantee Agency

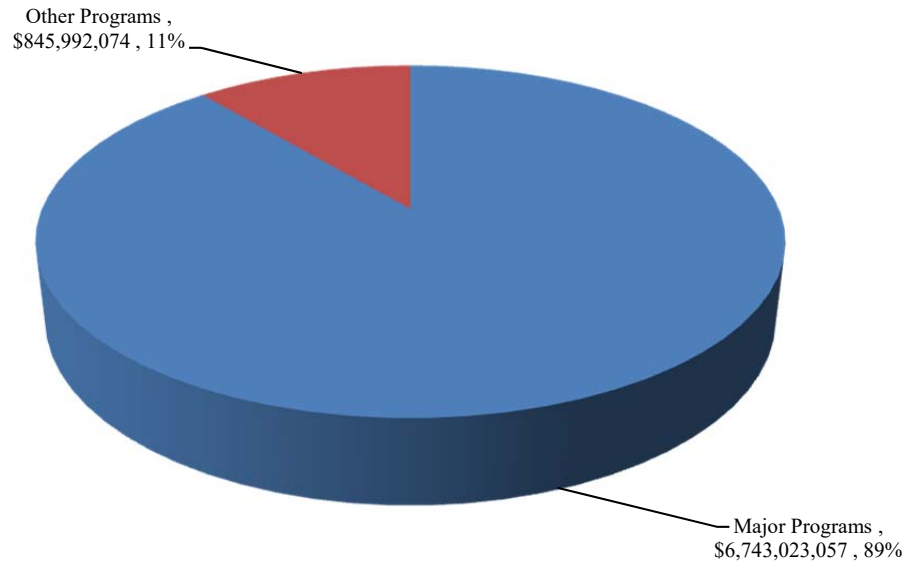


### Expenditures of Federal Awards by Federal Department

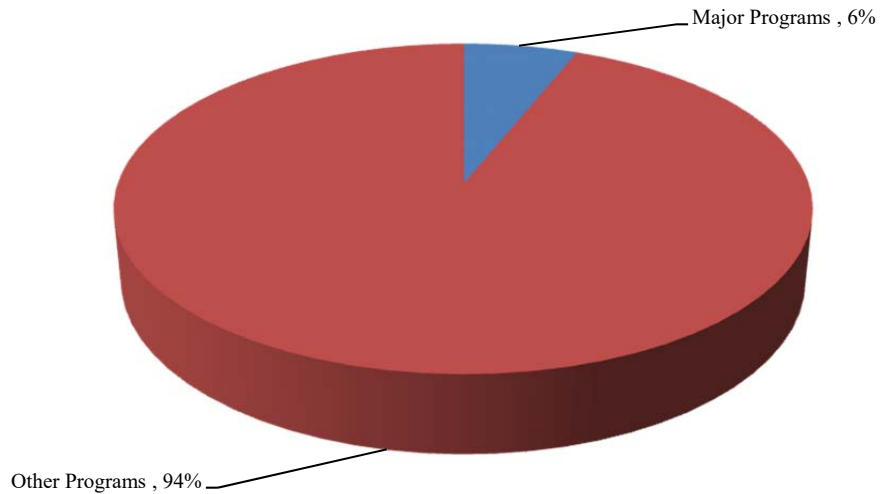


# STATE OF MISSISSIPPI Fiscal Year 2016

## Percentage of Major Program Assistance Total Expenditures of Federal Awards \$7,589,015,131

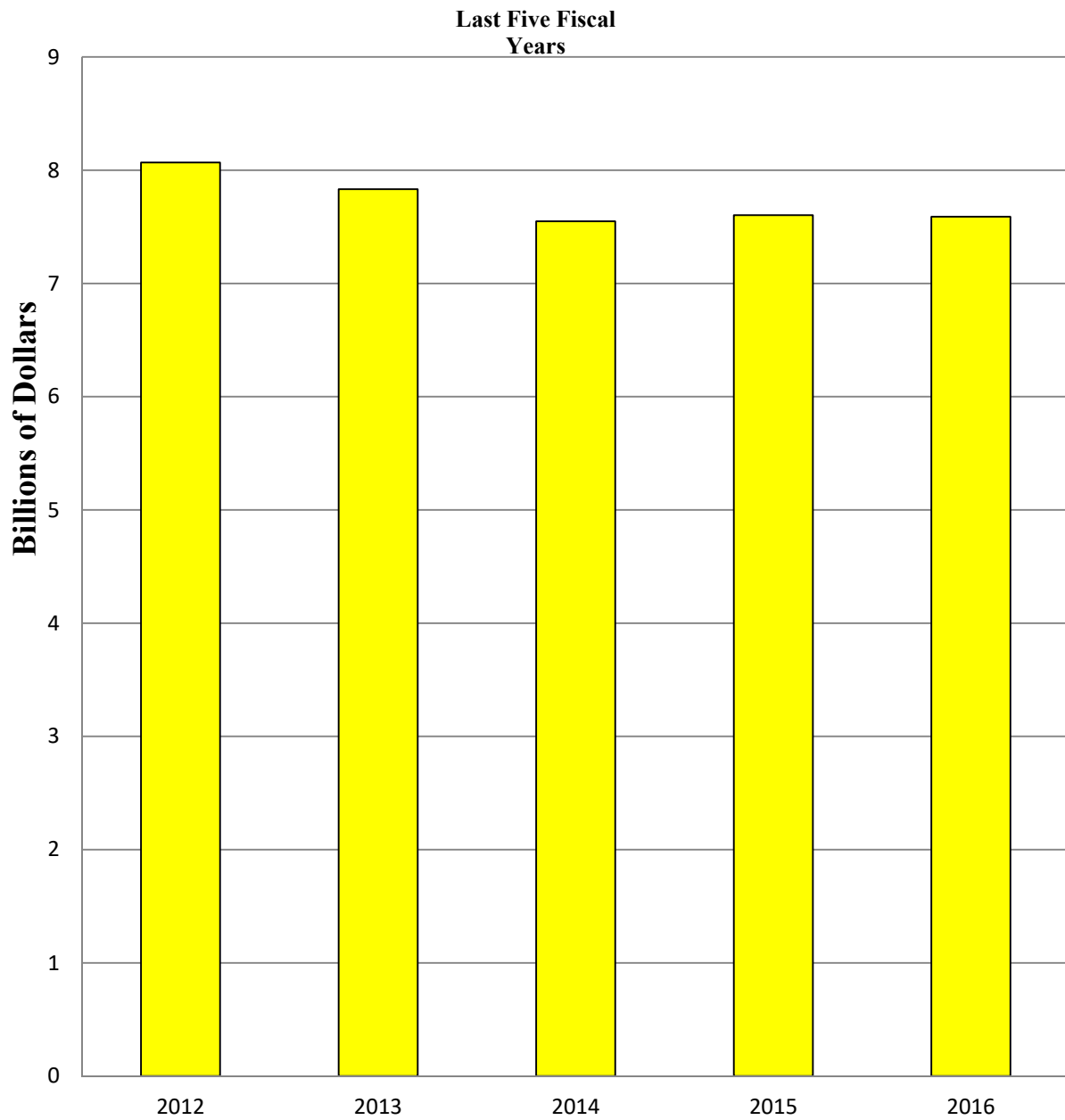


## Percentage of Major Program Assistance 345 Programs



# STATE OF MISSISSIPPI

## Total Federal Financial Assistance



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# STATE OF MISSISSIPPI

## SINGLE AUDIT REPORT

For the Year Ended June 30, 2016

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# **I. AUDIT REPORTING**



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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the State's basic financial statements, and have issued our report thereon dated April 21, 2017. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Mississippi's financial statements:

▪ Government-wide Financial Statements

• Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television, the State Agencies Self-Insured Workers' Compensation Trust Fund, the Department of Marine Resources and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Finance and Administration – Office of Insurance, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks, the Mississippi Department of Health, the Mississippi Department of Education, the Mississippi Department of Human Services which, in the aggregate, represent 7% and 17%, respectively, of the assets and revenues of the governmental activities;

▪ Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, the Mississippi Department of Corrections Canteen Fund and the

Unemployment Compensation Fund which, in the aggregate, represent 96% and 47%, respectively, of the assets and revenues of the business-type activities;

#### Component Units

- the Universities and the nonmajor component units.
  - Fund Financial Statements
    - Governmental Funds
      - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television, the Department of Marine Resources, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services, and the Department of Wildlife, Fisheries and Parks, the Mississippi Department of Health, the Mississippi Department of Education, the Mississippi Department of Human Services which, in the aggregate, represent 18% and 13%, respectively, of the assets and revenues of the General Fund;
    - Proprietary Funds
      - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;
    - Aggregate Remaining Funds
      - the State Agencies Self-Insured Workers' Compensation Trust Fund and selected funds at the Department of Information Technology Services and the Department of Finance and Administration – Office of Insurance within the Internal Service Fund;
      - nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
      - the Pension Trust Funds;
      - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;
- all of which represent 99% and 99%, respectively, of the assets and revenues of the aggregate remaining funds.

Except for the major component unit Universities, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters for the major component unit Universities that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the

University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these funds or entities.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we and other auditors considered the State of Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control.

Our and the other auditors' consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings", we and other auditors identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2016-001, 2016-004, 2016-005, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, 2016-013, 2016-021, 2016-022, 2016-023, 2016-029, 2016-035, 2016-036, 2016-037, 2016-043, 2016-045 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2016-002, 2016-003, 2016-006, 2016-007, 2016-014, 2016-015, 2016-016, 2016-017, 2016-018, 2016-024, 2016-026 to be significant deficiencies.

We and the other auditors also noted certain matters involving the internal control over financial reporting, which we have reported to management of the applicable state agencies and institutions of the State of Mississippi in separate communications.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Mississippi's financial statements are free from material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as item 2016-002.

We and the other auditors also noted certain matters which we have reported to management of the State of Mississippi in separate communications.

**Management's Response to Finding**

Management's response to the findings identified in our audit is described in the accompanying "Management's Response and Corrective Action Plan" section. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State of Mississippi's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Stephanie C. Palmertree". The signature is written in a cursive, flowing style.

**Stephanie C. Palmertree, CPA, CGMA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
April 21, 2017



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB UNIFORM GUIDANCE**

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

**Report on Compliance for Each Major Federal Program**

We and other auditors have audited the State of Mississippi's (the State) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Uniform Grant Guidance Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2016. We did not audit the SNAP for WIC, the Child and Adult Care Food Program, the SNAP Cluster, the Child Nutrition Cluster, the WIA cluster, the Highway Planning and Construction Cluster, the Title 1 Grants, the Rehabilitation Services (Vocational), the Improving Teacher Quality, the SPED Cluster, the Low Income Home Energy Assistance, the Foster Care – Title IV-E, the Social Services Block Grant, the TANF Cluster, the CCDF Cluster, the Disaster Grants-Public Assistance, the HPP and PHEP Cooperative, the Career and Technical Education, and the 21<sup>st</sup> Century Community Learning Centers. Those programs were audited by other auditors whose reports have been furnished to us. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our and the other auditors' responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. The State of Mississippi's basic financial statements include the operations of the State's public universities, as a major component unit within the discretely presented component units, which received \$1,018,787,416 in federal awards which is not included in the State's schedule during the year ending June 30, 2016. Our audit, described below, did not include the operations of the public universities because the universities component unit engaged other auditors to perform an audit in accordance with the provisions of OMB Uniform Guidance.

Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by OMB Uniform Guidance

Except as discussed in the following paragraph, we and other auditors conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we and other auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit, and the reports of other auditors, provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit, and the audits of other auditors, do not provide a legal determination of the State of Mississippi's compliance.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi. The audit of those federal programs was conducted in accordance with the provisions of OMB Uniform Guidance, and a separate report was issued.

**Basis for Adverse Opinion on the SNAP Cluster, the TANF Cluster, the Low Income Home Energy Assistance, the CCDF Cluster, and the Social Services Block Grant**

As described in the accompanying schedule of findings and questioned costs, the State of Mississippi did not comply with requirements regarding the following:

Finding #	CFDA #	Program/Cluster Name	Compliance Requirement
2016-024	93.558	TANF Cluster	Eligibility
2016-025	93.575, 93.596	CCDF Cluster	Eligibility
2016-026	10.561	SNAP Cluster	Reporting
2016-027	10.561, 93.558, 93.667, 93.575, 93.596, 93.568	SNAP, TANF, SSBG, CCDF, and LIHEAP Clusters	Monitoring
2016-028	10.561, 93.558, 93.667, 93.575, 93.596, 93.568	SNAP, TANF, SSBG, CCDF, and LIHEAP Clusters	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, and the opinion of other auditors, for the State of Mississippi to comply with the requirements applicable to those programs.

**Adverse Opinion on the SNAP Cluster, the TANF Cluster, the Low Income Home Energy Assistance, the CCDF Cluster, and the Social Services Block Grant**

In our opinion, and the opinion of other auditors, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, for the State of Mississippi did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on SNAP Cluster, the TANF Cluster, the Low Income Home Energy Assistance, the CCDF Cluster, and the Social Services Block Grant for the year ended June 30, 2016.

**Basis for Qualified Opinion on the Children's Health Insurance Program, the Medicaid Cluster, and the Title 1 Grants to Local Educational Agencies**

As described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs," the State of Mississippi did not comply with requirements regarding the following:

Finding #	CFDA #	Program/Cluster Name	Compliance Requirement
2016-030	93.767	Children's Health Insurance Program	Period of Performance
2016-031	93.767, 93.777, 93.778	Medicaid Cluster	Reporting
2016-032	93.767	Children's Health Insurance Program	Allowable Cost/ Cost Principles
2016-033	93.767, 93.777, 93.778	Medicaid Cluster	Special Test
2016-038	84.010	Title 1	Allowable Cost

Compliance with such requirements is necessary, in our opinion, and the opinion of other auditors, for the State of Mississippi to comply with the requirements applicable to those programs.

**Qualified Opinion on the Children's Health Insurance Program, the Medicaid Cluster, and the Title 1 Grants to Local Educational Agencies**

In our opinion, based on our audit and the reports of other auditors, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Children's Health Insurance Program, the Medicaid Cluster, and the Title 1 Grants to Local Educational Agencies for the year ended June 30, 2016.

**Basis for Qualified Opinion on the Twenty-First Century Community Learning Centers**

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the State of Mississippi with CFDA 84.287 Twenty-First Century Community Learning Centers in finding number 2016-042 for Subrecipient monitoring, consequently we were unable to determine whether the State of Mississippi complied with those requirements applicable to that program.

**Qualified Opinion on the Twenty-First Century Community Learning Centers**

In our opinion, and the opinion of other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the State of Mississippi, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Twenty-First Century Community Learning Centers for the year ended June 30, 2016.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, based on our audit and the reports of other auditors, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016. We did not test the transactions and records of the major federal programs administered by the

Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by OMB Uniform Guidance

state's public universities for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 2016-024, 2016-026, 2016-039, and 2016-040. Our opinion on each major federal program is not modified with respect to these matters.

The responses by state agencies to the noncompliance findings identified in our audit, and the audits of other auditors, are described in the accompanying "Section III – Management Responses and Corrective Action Plans." Management's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

We also noted other immaterial instances of noncompliance which have been reported to management of the State of Mississippi in separate communications.

### **Report on Internal Control Over Compliance**

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we and other auditors considered the State of Mississippi's internal control over compliance

In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control over compliance. We excluded the federal programs of the State's public universities, as discussed in the fifth paragraph of this report.

Our and the other auditors' consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we and the other auditors identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 2016-



Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by OMB Uniform Guidance

025, 2016-027, 2016-028, 2016-030, 2016-031, 2016-032, 2016-038, 2016-042 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs" as items 2016-024, 2016-026, 2016-033, 2016-039, 2016-040, 2016-041, 2016-044 to be significant deficiencies.

The responses by state agencies to the internal control over compliance findings identified in our audit, and the audits of other auditors, are described in the accompanying "Section III – Management Responses and Corrective Action Plans." Management's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

We also noted other matters involving internal control over compliance and its operation, which have been reported to management of the State of Mississippi in separate communications.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is matter of public record and its distribution is not limited.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Mississippi as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of Mississippi's basic financial statements. We issued our report thereon dated April 21, 2017 which contained unmodified opinions on those financial statements. We did not audit the financial statements of:

- Government-wide Financial Statements

- Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television, the State Agencies Self-Insured Workers' Compensation Trust Fund, the Department of Marine Resources and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Finance and Administration – Office of Insurance, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks, the Mississippi Department of Health, the Mississippi Department of Education, the Mississippi Department of Human Services which, in the aggregate, represent 7% and 17%, respectively, of the assets and revenues of the governmental activities;

Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by OMB Uniform Guidance

▪ Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, the Mississippi Department of Corrections Canteen Fund and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 47%, respectively, of the assets and revenues of the business-type activities;

• Component Units

- the Universities and the nonmajor component units.

▪ Fund Financial Statements

• Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television, the Department of Marine Resources, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services, and the Department of Wildlife, Fisheries and Parks, the Mississippi Department of Health, the Mississippi Department of Education, the Mississippi Department of Human Services which, in the aggregate, represent 18% and 13%, respectively, of the assets and revenues of the General Fund;

• Proprietary Funds

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;

• Aggregate Remaining Funds

- the State Agencies Self-Insured Workers' Compensation Trust Fund and selected funds at the Department of Information Technology Services and the Department of Finance and Administration – Office of Insurance within the Internal Service Fund;
- nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
- the Pension Trust Funds;
- the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 99% and 99%, respectively, of the assets and revenues of the aggregate remaining funds.

Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by OMB Uniform Guidance

Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The State's public universities were audited in accordance with statutory requirements and the provisions of OMB Uniform Guidance, and a separate report was issued.

Our audit and the audits of the other auditors were conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards by Federal Department is presented for purposes of additional analysis as required by OMB Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Although not required by OMB Uniform Guidance, the Schedule of Expenditures of Federal Awards by State Grantee Agency is presented for purposes of additional analysis. The information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effects of the omission described in the preceding paragraph, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**Stephanie C. Palmertree, CPA, CGMA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
April 21, 2017

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# **Schedule of Expenditures of Federal Awards by Federal Department**



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# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture and Commerce / Animal Health	N/A	807,080
10.153	Market News	Agriculture and Commerce	N/A	20,000
10.163	Market Protection and Promotion	Agriculture and Commerce	N/A	26,868
10.170	Specialty Crop Block Grant Program – Farm Bill	Agriculture and Commerce	376,525	395,629
10.171	National Organic Certification Cost Share Program	Agriculture and Commerce	N/A	2,160
10.331	Food Insecurity Nutrition Incentive Grants Program	Agriculture and Commerce	2,358	2,358
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	N/A	1,598,899
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	2,672,534	73,120,136
10.558	Child and Adult Care Food Program	Education	44,373,432	44,373,432
10.560	State Administrative Expenses for Child Nutrition	Education	N/A	4,200,720
10.574	Team Nutrition Grants	Education	N/A	(565)
10.577	SNAP Partnership Grant	Human Services	N/A	361,137
10.578	WIC Grants To States (WGS)	Health	N/A	281,898
10.579	Child Nutrition Discretionary Grants Limited Availability	Education	N/A	99,512
10.582	Fresh Fruit and Vegetable Program	Education	2,080,759	2,080,833
10.596	Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	Human Services	N/A	9,582,646
10.664	Cooperative Forestry Assistance	Forestry Commission	N/A	6,013,047
10.902	Soil and Water Conservation	Agriculture and Commerce/ Soil and Water Conservation Commission	457,289	987,677
10.950	Agricultural Statistics Reports	Agriculture and Commerce	N/A	25,000
<b>SUBTOTAL</b>				<b>143,978,467</b>
<b>SNAP Cluster</b>				
10.551	Supplemental Nutrition Assistance Program (SNAP)	Human Services	N/A	848,403,954
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Human Services	2,533,023	27,753,399
<b>Total SNAP Cluster</b>				<b>876,157,353</b>
<b>Child Nutrition Cluster</b>				
10.553	School Breakfast Program (SBP)	Education	63,482,043	63,700,548
10.555 @	National School Lunch Program (NSLP)	Education	175,384,581	194,044,063
10.556	Special Milk Program for Children (SMP)	Education	2,437	2,437
10.559	Summer Food Service Program for Children (SFSPC)	Education	8,234,466	8,234,466
<b>Total Child Nutrition Cluster</b>				<b>265,981,514</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>Food Distribution Cluster</b>				
10.565	Commodity Supplemental Food Program	Health	614,253	614,253
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	685,100	946,023
10.569 @	Emergency Food Assistance Program (Food Commodities)	Human Services	N/A	6,753,860
<b>Total Food Distribution Cluster</b>				<b>8,314,136</b>
<b>Forest Service Schools and Roads Cluster</b>				
10.665	Schools and Roads - Grants to States	Treasury	N/A	5,042,731
<b>Total Forest Service Schools and Roads Cluster</b>				<b>5,042,731</b>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>1,299,474,201</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
11.407	Interjurisdictional Fisheries Act of 1986	Marine Resources	N/A	87,295
11.417	Sea Grant Support	Marine Resources	N/A	(76,725)
11.419	Coastal Zone Management Administration Awards	Marine Resources	N/A	963,584
11.420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	N/A	587,901
11.434	Cooperative Fishery Statistics	Marine Resources	N/A	46,994
11.454	Unallied Management Projects	Marine Resources	53,758	1,754,827
11.463	Habitat Conservation	Marine Resources	N/A	18,906
11.557	ARRA – Recovery Act – Mississippi Education, Safety and Health Network	Governor's Office	632,620	632,620
11.558	ARRA – State Broadband Data and Development Grant Program	Governor's Office	N/A	(4,622)
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>				<b>4,010,780</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>				
12.002	Procurement Technical Assistance For Business Firms	MS Development Authority	191,158	421,946
12.106	Flood Control Projects (Passed-through from the U.S. Army Corps of Engineers). Identifying numbers assigned by the pass through entity – DACW01-3-91-0543, DACW38-91-H-0007, DACW01-3-92-0411, DACW38-3-09-176, DACW01-3-91-0500, DACW01-3-96-0023, DACW38-3-12-9, and DACW01-3-92-0410.	Wildlife, Fisheries and Parks	N/A	1,628,964
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	N/A	120,661
12.400	Military Construction, National Guard	Military Department	N/A	6,318,225
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department	N/A	68,064,736
12.404	National Guard ChalleNGe Program	Military Department	N/A	4,201,535

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
12.UN1	Teacher and Teacher's Aide Placement Assistance Program      Education	N/A	79,063
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>80,835,130</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
14.231	Emergency Solutions Grant Program      MS Development Authority	N/A	2,015
14.239	Home Investment Partnerships Program      MS Development Authority	N/A	7,064
14.241	Housing Opportunities for Persons with AIDS Program      Health	189,046	189,046
<b><i>SUBTOTAL</i></b>			<b>198,125</b>
<b><i>CDBG – State-Administered CDBG Cluster</i></b>			
14.228	Community Development Block Grants / State's Program      MS Development Authority	151,197,018	151,197,018
<b><i>Total CDBG – State-Administered CDBG Cluster</i></b>			<b>151,197,018</b>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>151,395,143</b>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining      Environmental Quality	N/A	124,553
15.252	Abandoned Mine Land Reclamation (AMLR) Program      Environmental Quality	N/A	81,501
15.426	Coastal Impact Assistance Program (CIAP)      Marine Resources	342,736	429,827
15.608	Fish and Wildlife Management Assistance      Wildlife, Fisheries and Parks/ Environmental Quality	N/A	18,338
15.615	Cooperative Endangered Species Conservation Fund      Wildlife, Fisheries and Parks	N/A	316,976
15.622	Sportfishing and Boating Safety Act      Marine Resources	195,607	195,607
15.630	Coastal Program      Marine Resources	N/A	14,991
15.634	State Wildlife Grants      Wildlife, Fisheries and Parks	N/A	456,087
15.657	Endangered Species Conservation – Recovery Implementation Funds      Wildlife, Fisheries and Parks	N/A	37,225
15.668	Coastal Impact Assistance Program      Marine Resources	5,813,118	7,842,832
15.808	U.S. Geological Survey – Research and Data Collection      Environmental Quality	N/A	16,193
15.810	National Cooperative Geologic Mapping Program      Environmental Quality	N/A	59,223
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)      Environmental Quality	N/A	14,549
15.904	Historic Preservation Fund Grants-In-Aid      Archives and History	93,358	714,368
15.916	Outdoor Recreation – Acquisition, Development and Planning      Wildlife, Fisheries and Parks	290,148	290,148
15.928	Civil War Battlefield Land Acquisition Grants      Archives and History	389,124	389,124
15.939	National Heritage Area Federal Financial Assistance      Marine Resources	12,605	119,590

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
15.980	National Ground-Water Monitoring Network	Environmental Quality	N/A	11,091
<b><i>SUBTOTAL</i></b>				<b>11,132,223</b>
<b>Fish and Wildlife Cluster</b>				
15.605	Sport Fish Restoration Program	Marine Resources / Wildlife, Fisheries and Parks	904,686	3,805,911
15.611	Wildlife Restoration and Basic Hunter Education	Wildlife, Fisheries and Parks	384,436	7,279,768
<b><i>Total Fish and Wildlife Cluster</i></b>				<b>11,085,679</b>
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>				<b>22,217,902</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
16.012	Alcohol, Tobacco, and Firearms – Training Assistance	Public Safety	N/A	8,855
16.017	Sexual Assault Services Formula Program	Public Safety	229,317	243,121
16.523	Juvenile Accountability Block Grants	Public Safety	67,511	67,511
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	Public Safety	N/A	697,516
16.543	Missing Children's Assistance	Attorney General	N/A	275,356
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	N/A	173,831
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	Public Safety	N/A	840,268
16.575	Crime Victim Assistance	Public Safety	4,533,962	4,966,475
16.576	Crime Victim Compensation	Attorney General	N/A	775,070
16.588	Violence Against Women Formula Grants	Public Safety	1,305,374	1,421,078
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Attorney General	N/A	214,015
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	186,528	222,173
16.606	State Criminal Alien Assistance Program	Corrections	N/A	10,310
16.607	Bulletproof Vest Partnership Program	Public Safety	N/A	110,969
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Public Safety	1,969,541	2,298,978
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Public Safety	138,267	199,223
16.750	Support for Adam Walsh Act Implementation Grant Program	Public Safety	N/A	86,047
16.751	Edward Byrne Memorial Competitive Grant Program Task Force Program (ICAC)	Public Safety	50,762	50,762
16.812	Second Chance Act Reentry Initiative	Human Services	408,712	423,002
16.816	John R. Justice Prosecutors and Defenders Incentive Act	Attorney General	N/A	31,929
16.922	Equitable Sharing Program	Public Safety	N/A	45,414
16.UN	Domestic Cannabis Eradication / Suppression Program	Public Safety	N/A	30,868

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name		Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
16.UN1	DEA Task Force	Public Safety	N/A	121,489
16.UN5	U.S. Marshall Service	Public Safety	N/A	70,160
16.UNI	Public Safety Program Subgrant Equipment	Public Safety	N/A	33,182
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<b>13,417,602</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
17.002	Labor Force Statistics	Employment Security	N/A	760,835
17.005	Compensation and Working Conditions	Health	N/A	37,776
17.225 #	Unemployment Insurance	Employment Security	N/A	132,072,066
17.225 #	ARRA – Unemployment Insurance	Employment Security	N/A	179
17.235	Senior Community Service Employment Program	Employment Security	909,847	940,818
17.245	Trade Adjustment Assistance	Employment Security	N/A	320,578
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects	Employment Security	312,816	340,116
17.267	Incentive Grants – WIA Section 503	Employment Security	N/A	(6)
17.271	Work Opportunity Tax Credit Program (WOTC)	Employment Security	N/A	99,361
17.273	Temporary Labor Certification for Foreign Workers	Employment Security	N/A	77,215
17.277	Workforce Investment Act (WIA) National Emergency Grants	Employment Security	852,773	931,751
17.281	WIA/WIOA Dislocated Worker National Reserve Technical Assistance and Training	Employment Security	N/A	50,018
17.600	Mine Health and Safety Grants	Environmental Quality	N/A	27,876
<b>SUBTOTAL</b>				<b>135,658,583</b>
<b>Employment Service Cluster</b>				
17.207	Employment Service / Wagner-Peyser Funded Activities	Employment Security	N/A	5,101,830
17.801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	N/A	1,156,215
17.804	Local Veterans' Employment Representative (LVER) Program	Employment Security	N/A	363,127
<b>Total Employment Service Cluster</b>				<b>6,621,172</b>
<b>WIA Cluster</b>				
17.258	WIA Adult Program	Employment Security	6,689,786	9,510,558
17.259	WIA Youth Activities	Employment Security	7,399,681	9,147,030
17.278	WIA Dislocated Worker Formula Grants	Employment Security	9,913,255	10,553,264
<b>Total WIA Cluster</b>				<b>29,210,852</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<b>171,490,607</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
20.106	Airport Improvement Program	Transportation	N/A	35,775
20.215	Highway Training and Education	Transportation	N/A	162,755
20.218	National Motor Carrier Safety	Public Safety	N/A	3,309,107
20.232	Commercial Driver's License Program Improvement Grant	Public Safety	N/A	528,922
20.237	Commercial Vehicle Information Systems and Networks	Transportation	N/A	(53,241)
20.2NA	Fatal Analysis Reporting System	Public Safety	N/A	87,570
20.314	Railroad Development	Transportation	N/A	351,030
20.509	Formula Grants for Rural Areas	Transportation	14,814,716	15,728,754
20.607	Alcohol Open Container Requirements	Public Safety	1,161,642	1,161,642
20.700	Pipeline Safety Program Base Grant	Public Service Commission	N/A	383,870
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	146,060	146,060
20.933	National Infrastructure Investments	Transportation	26,777	2,602,526
<b>SUBTOTAL</b>				<b>24,444,770</b>
<b>Highway Planning and Construction Cluster</b>				
20.205	Highway Planning and Construction	Transportation	55,613,254	492,499,285
20.219	Recreational Trails Program	Wildlife, Fisheries and Parks	1,367,548	1,367,548
<b>Total Highway Planning and Construction Cluster</b>				<b>493,866,833</b>
<b>Transit Services Programs Cluster</b>				
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	Transportation	1,997,228	1,997,228
20.516	Job Access and Reverse Commute Program	Transportation	139,297	139,297
20.521	New Freedom Program	Transportation	259,909	259,909
<b>Total Transit Services Programs Cluster</b>				<b>2,396,434</b>
<b>Federal Transit Cluster</b>				
20.526	Bus and Bus Facilities Formula Program	Transportation	334,582	384,582
<b>Total Federal Transit Cluster</b>				<b>384,582</b>
<b>Highway Safety Cluster</b>				
20.600	State and Community Highway Safety	Public Safety	N/A	14,072,408
<b>Total Highway Safety Cluster</b>				<b>14,072,408</b>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>535,165,027</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>			
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast	Environment Quality	N/A 323,624
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			<b>323,624</b>
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>			
23.002	Appalachian Area Development	MS Development Authority	2,992,981 2,992,981
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	MS Development Authority/ Health	N/A 156,149
<b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>			<b>3,149,130</b>
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>			
39.003 @	Donation of Federal Surplus Personal Property	Finance and Administration	N/A 825,416
<b>TOTAL GENERAL SERVICES ADMINISTRATION</b>			<b>825,416</b>
<b><u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u></b>			
45.025	Promotion of the Arts - Partnership Agreements	Arts Commission	857,354 1,103,716
45.149	Promotion of the Humanities – Division of Preservation and Access	Archives and History	N/A 1,650
45.168	National Digital Newspaper Program	Archives and History	N/A 54,816
45.301	Museums for America	Archives and History	N/A 59,661
45.310	Grants to States	Library Commission	546,682 1,700,137
<b>TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			<b>2,919,980</b>
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>			
59.061	State Trade and Export Promotion Pilot Grant Program	MS Development Authority	N/A 533,423
<b>TOTAL SMALL BUSINESS ADMINISTRATION</b>			<b>533,423</b>
<b><u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u></b>			
64.124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	N/A 103,134
64.203	Veterans Cemetery Grants Program	Veterans Affairs Board	N/A 2,115,893
<b>TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			<b>2,219,027</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
66.032	State Indoor Radon Grants	Health	N/A	71,255
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Quality	N/A	403,401
66.040	State Clean Diesel Grant Program	Environmental Quality	89,589	113,227
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality/ Soil and Water	N/A	313,926
66.432	State Public Water System Supervision	Health	N/A	1,364,479
66.433	State Underground Water Source Protection	Oil and Gas Board	N/A	97,750
66.454	Water Quality Management Planning	Environmental Quality	N/A	112,522
66.460	Nonpoint Source Implementation Grants	Environmental Quality	1,570,080	2,966,515
66.461	Regional Wetland Program Development Grants	Environmental Quality	N/A	34,698
66.472	Beach Monitoring and Notification Program Implementation Grants	Environmental Quality	N/A	262,341
66.605	Performance Partnership Grants	Agriculture and Commerce/ Environmental Quality	N/A	7,810,436
66.606	Survey's, Studies, Investigations and Special Purpose Grants	Environmental Quality	N/A	91,080
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	N/A	69,044
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Quality	N/A	413,980
66.708	Pollution Prevention Grants Program	Environmental Quality	N/A	42,348
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	N/A	106,919
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality	N/A	285,511
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality	N/A	1,006,102
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	N/A	80,090
<b>SUBTOTAL</b>				<b>15,645,624</b>
<b>Clean Water State Revolving Fund Cluster</b>				
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality	N/A	8,230,460
<b>Total Clean Water State Revolving Fund Cluster</b>				<b>8,230,460</b>
<b>Drinking Water State Revolving Fund Cluster</b>				
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Health	N/A	9,491,161
<b>Total Drinking Water State Revolving Fund Cluster</b>				<b>9,491,161</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name		Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<b>33,367,245</b>
<hr/>				
<b>U.S. DEPARTMENT OF ENERGY</b>				
81.041	State Energy Program	MS Development Authority	N/A	110,331
81.042	Weatherization Assistance for Low-Income Persons	Human Services	926,511	1,210,202
81.119	State Energy Program Special Projects	MS Development Authority	98,799	320,982
81.136	DOE Salmon Testing Site	Health	N/A	93,609
81.UN1	Petroleum Violation Escrow – Stripper Well	Treasury	N/A	2,028,100
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<b>3,763,224</b>
<hr/>				
<b>U.S. DEPARTMENT OF EDUCATION</b>				
84.002	Adult Education – Basic Grants to States	Board for Community and Junior Colleges	N/A	5,396,447
84.010	Title I Grants to Local Educational Agencies	Education	106,728,018	170,234,039
84.011	Migrant Education – State Grant Program	Education	561,052	1,101,004
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	Education	N/A	421,257
84.048	Career and Technical Education – Basic Grants to States	Education	10,559,843	13,104,328
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Rehabilitation Services	N/A	33,238,144
84.144	Migrant Education – Coordination Program	Education	N/A	41,389
84.169	Independent Living - State Grants	Rehabilitation Services	N/A	99,110
84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	N/A	238,257
84.181	Special Education – Grants for Infants and Families	Health	N/A	3,899,071
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Rehabilitation Services	N/A	204,907
84.196	Education for Homeless Children and Youth	Education	N/A	931,548
84.224	Assistive Technology	Rehabilitation Services	N/A	624
84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training	Rehabilitation Services	N/A	(11,933)
84.287	Twenty-First Century Community Learning Centers	Education	N/A	16,596,427
84.305	Education Research, Development and Dissemination	Education	N/A	98,282
84.323	Special Education – State Personnel Development	Education	N/A	802,672
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	Education	N/A	299,218
84.358	Rural Education	Education	N/A	5,101,973
84.365	English Language Acquisition State Grants	Education	N/A	1,277,308
84.366	Mathematics and Science Partnerships	Education	N/A	2,357,196
84.367	Improving Teacher Quality State Grants	Education	N/A	31,942,352
84.369	Grants for State Assessments and Related Activities	Education	N/A	10,202,615

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name		Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
84.372	Statewide Data Systems	Education	N/A	90,033
84.374	Teacher Incentive Fund	Education	N/A	1,904,414
<b><i>SUBTOTAL</i></b>				299,570,682
<b>Special Education Cluster (IDEA)</b>				
84.027	Special Education – Grants to States (IDEA, Part B)	Education	N/A	116,103,533
84.173	Special Education – Preschool Grants (IDEA, Preschool)	Education	N/A	4,088,553
<b><i>Total Special Education Cluster (IDEA)</i></b>				120,192,086
<b>TRIO Cluster</b>				
84.044	TRIO – Talent Search	Education	N/A	336,570
<b><i>Total TRIO Cluster</i></b>				336,570
<b>School Improvement Grants Cluster</b>				
84.377	School Improvement Grants	Education	N/A	5,361,229
84.388	ARRA – School Improvement Grants, Recovery Act	Education	N/A	(57,442)
<b><i>Total School Improvement Grants Cluster</i></b>				5,303,787
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				425,403,125
<b><u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u></b>				
89.003	National Historical Publications and Records Grants	Archives and History	N/A	3,839
<b>TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>				3,839
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
93.008	Medical Reserve Corps Small Grant Program	Rehabilitation Services	N/A	115,278
93.041	Special Programs for the Aging – Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	43,600	44,135
93.042	Special Programs for the Aging – Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	Human Services	113,620	121,784
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	Human Services	162,804	187,818
93.048	Special Programs for the Aging – Title IV – and Title II - Discretionary Projects	Human Services	45,096	185,445
93.052	National Family Caregiver Support, Title III, Part E	Human Services	1,276,284	1,498,922
93.070	Environmental Public Health and Emergency Response	Health	N/A	(8,960)

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.071	Medicare Enrollment Assistance Program	Human Services	33,895	34,464
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Health	1,768,578	8,666,340
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Education	N/A	188,273
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health	73,726	443,233
93.103	Food and Drug Administration – Research	Health	30,000	576,149
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	79,906	136,476
93.110	Maternal and Child Health Federal Consolidated Programs	Health	N/A	148,130
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	N/A	669,505
93.127	Emergency Medical Services for Children	Health	N/A	121,428
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices	Health	N/A	197,213
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	219,980	219,980
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	N/A	146,324
93.184	Disabilities Prevention	Health	N/A	(7,816)
93.217	Family Planning – Services	Health	N/A	3,235,118
93.235	Affordable Care Act (ACA) Abstinence Education Program	Human Services	473,598	568,178
93.236	Grants to States to Support Oral Health Workforce Activities	Health	N/A	156,347
93.241	State Rural Hospital Flexibility Program	Health	152,402	203,763
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	Mental Health	3,465,395	4,574,009
93.251	Universal Newborn Hearing Screening	Health	25,917	226,858
93.262	Occupational Safety and Health Program	Health	N/A	57,909
93.268 @	Immunization Cooperative Agreements	Health	N/A	42,038,399
93.270	Adult Viral Hepatitis Prevention and Control	Health	N/A	79,346
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health	900,989	5,296,358
93.292	National Public Health Improvement Initiative	Health	N/A	40,057
93.296	State Partnership Grant Program to Improve Minority Health	Health	N/A	171,939
93.301	Small Rural Hospital Improvement Grant Program	Health	302,184	305,346
93.305	National State Based Tobacco Control Programs	Health	311,625	711,441
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health	N/A	67,466
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	1,658	344,108

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.324	State Health Insurance Assistance Program	Human Services	422,883	644,654
93.336	Behavioral Risk Factor Surveillance System	Health	N/A	199,131
93.369	ACL Independent Living State Grants	Rehabilitation Services	N/A	215,722
93.464	ACL Assistive Technology	Rehabilitation Services	N/A	379,558
93.500	Pregnancy Assistance Fund Program	Health	9,375	101,874
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	Human Services	N/A	2,555,960
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	Insurance	N/A	(7,653)
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	Insurance	N/A	292,181
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	Health	N/A	394,043
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	Insurance	N/A	4,370,293
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by Prevention and Public Health Funds	Health	N/A	1,306,372
93.548	PPHF: State Nutrition, Physical Activity, and Obesity Programs – Financed in Part by PPHF	Health	N/A	1,409
93.556	Promoting Safe and Stable Families	Human Services	2,371,699	3,162,376
93.563	Child Support Enforcement	Human Services	N/A	15,612,675
93.566	Refugee and Entrant Assistance – State Administered Programs	Human Services	1,330,837	1,373,038
93.568	Low-Income Home Energy Assistance	Human Services	21,006,311	30,034,637
93.569	Community Services Block Grants	Human Services	8,424,639	12,198,754
93.586	State Court Improvement Program	Supreme Court	N/A	351,940
93.590	Community-Based Child Abuse Prevention Grants	Human Services	215,749	256,192
93.597	Grants to States for Access and Visitation Programs	Human Services	33,689	111,130
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	N/A	291,530
93.600	Head Start	Governor's Office	N/A	175,000
93.603	Adoption Incentive Payments	Human Services	N/A	1,158,083
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	N/A	1,110,886
93.631	Developmental Disabilities Projects of National Significance	Mental Health	189,617	293,221
93.643	Children's Justice Grants to States	Human Services	145,950	163,239
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Human Services	N/A	1,342,250
93.652	Adoption Opportunities	Human Services	N/A	20,193
93.658	Foster Care – Title IV-E	Human Services	N/A	24,894,826
93.659	Adoption Assistance	Human Services	N/A	10,724,911
93.667	Social Services Block Grant	Human Services	6,846,828	26,617,145
93.669	Child Abuse and Neglect State Grants	Human Services	N/A	255,496

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name		Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	Health	996,288	1,042,768
93.674	Chafee Foster Care Independence Program	Human Services	296,825	1,291,648
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by the Prevention and Public Health Fund (PPHF)	Health	5,463	383,744
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	Health	N/A	152,577
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in Part by Prevention and Public Health Funds (PPHF)	Health	226,217	226,217
93.753	Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	Health	N/A	114,457
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	Health	N/A	(211,283)
93.758	Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	Health	59,746	1,203,505
93.767	Children's Health Insurance Program	Medicaid	N/A	274,859,551
93.791	Money Follows the Person Rebalancing Demonstration	Medicaid	N/A	5,614,705
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	9,500	236,894
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health	879,595	879,595
93.889	National Bioterrorism Hospital Preparedness Program	Health	N/A	(1,526,270)
93.913	Grants to States for Operation of Offices of Rural Health	Health	35,600	133,336
93.917	HIV Care Formula Grants	Health	727,071	11,451,925
93.940	HIV Prevention Activities – Health Department Based	Health	N/A	3,419,145
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	17,964	913,541
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health	337,645	1,790,966
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health	N/A	136,599
93.958	Block Grants for Community Mental Health Services	Mental Health	3,913,790	4,091,755
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	12,558,533	13,181,650
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	Health	97,777	1,706,885
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	N/A	(333)
93.991	Preventive Health and Health Services Block Grant	Health	79,784	408,667
93.994	Maternal and Child Health Services Block Grant to the States	Health	416,808	7,634,295
<b>SUBTOTAL</b>				541,498,368

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>Aging Cluster</b>				
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	Human Services	3,270,659	4,256,703
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	Human Services	4,880,548	6,029,564
93.053	Nutrition Services Incentive Program	Human Services	1,506,468	1,561,097
<b>Total Aging Cluster</b>				<b>11,847,364</b>
<b>TANF Cluster</b>				
93.558	Temporary Assistance for Needy Families (TANF) State Programs	Human Services	8,826,253	41,987,840
<b>Total TANF Cluster</b>				<b>41,987,840</b>
<b>CCDF Cluster</b>				
93.575	Child Care and Development Block Grant	Human Services	10,357,297	57,405,717
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	1,537,723	17,237,603
<b>Total CCDF Cluster</b>				<b>74,643,320</b>
<b>Medicaid Cluster</b>				
93.775	State Medicaid Fraud Control Units	Attorney General	N/A	2,630,518
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health / Medicaid	N/A	4,415,616
93.778	Medical Assistance Program	Medicaid	N/A	3,996,547,160
<b>Total Medicaid Cluster</b>				<b>4,003,593,294</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>4,673,570,186</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
94.016	Senior Companion Program	Human Services	N/A	132,619
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				<b>132,619</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>				
95.001	High Intensity Drug Trafficking Areas Program	Public Safety	891,235	1,506,704
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>				<b>1,506,704</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name	Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>			
96.008	Social Security – Work Incentives Planning and Assistance Program	Rehabilitation Services	N/A 205,582
<b><i>SUBTOTAL</i></b>			<b><i>205,582</i></b>
<b><u>Disability Insurance / SSI Cluster</u></b>			
96.001	Social Security – Disability Insurance (DI)	Rehabilitation Services	N/A 26,636,074
<b><i>Total Disability Insurance / SSI Cluster</i></b>			<b><i>26,636,074</i></b>
<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>			<b>26,841,656</b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
97.001	Mississippi Interoperable Communications Grant	Public Safety	284,241 284,241
97.012	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	N/A 1,760,470
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Emergency Management	N/A 216,455
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Emergency Management	89,611,594 89,708,507
97.039	Hazard Mitigation Grant	Emergency Management	27,141,894 27,141,894
97.041	National Dam Safety Program	Environmental Quality	N/A 300,269
97.042	Emergency Management Performance Grants	Emergency Management	2,606,734 4,483,365
97.043	State Fire Training Systems Grants	Insurance	N/A 31,622
97.045	Cooperating Technical Partners	Environmental Quality	N/A 929,956
97.049	Presidential Declared Disaster Assistance – Disaster Housing Operations for Individuals and Households	Emergency Management	N/A 20,157
97.067	Homeland Security Grant Program	Public Safety	5,024,839 5,024,839
97.082	Earthquake Consortium	Emergency Management	N/A 31,099
97.088	Disaster Assistance Projects	Emergency Management	N/A 47,698
97.089	Driver's License Security Grant Program	Public Safety	6,468,967 6,468,969
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>			<b>136,449,541</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$7,589,015,131</b>

### **EXPLANATION OF FOOTNOTE REFERENCE:**

Program Number with UN denotes unknown CFDA numbers.

Programs which expended funds under the American Recovery and Reinvestment Act of 2009 are identified using "ARRA" in front of the program name.

# The total expenditures for CFDA No. 17.225 include state expenditures of \$101,496,674 and federal expenditures of \$30,575,571.

@ Denotes federal programs with noncash benefits.

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

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# **Schedule of Expenditures of Federal Awards by State Grantee Agency**



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# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b><u>Agriculture and Commerce</u></b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	N/A	122,050
10.153	Market News	N/A	20,000
10.163	Market Protection and Promotion	N/A	26,868
10.170	Specialty Crop Block Grant Program – Farm Bill	376,525	395,629
10.171	National Organic Certification Cost Share Program	N/A	2,160
10.331	Food Insecurity Nutrition Incentive Grants Program	2,358	2,358
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	N/A	1,598,899
10.902	Soil and Water Conservation	72,602	72,602
10.950	Agricultural Statistics Reports	N/A	25,000
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>			<b>2,265,566</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.605	Performance Partnership Grants	N/A	515,819
<b>TOTAL Agriculture and Commerce</b>			<b>2,781,385</b>
<b><u>Animal Health</u></b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	N/A	685,030
<b>TOTAL Animal Health</b>			<b>685,030</b>
<b><u>Archives and History</u></b>			
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.904	Historic Preservation Fund Grants-In-Aid	93,358	714,368
15.928	Civil War Battlefield Land Acquisition Grants	389,124	389,124
<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>			<b>1,103,492</b>
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			
45.149	Promotion of the Humanities – Division of Preservation and Access	N/A	1,650
45.168	National Digital Newspaper Program	N/A	54,816
45.301	Museums for America	N/A	59,661
<b>Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			<b>116,127</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>		
89.003	National Historical Publications and Records Grants	N/A	3,839
	<i>Total NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</i>		<u>3,839</u>
	<b>TOTAL Archives and History</b>		<b>1,223,458</b>
	<b><u>Arts Commission</u></b>		
	<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>		
45.025	Promotion of the Arts - Partnership Agreements	857,354	1,103,716
	<b>TOTAL Arts Commission</b>		<b>1,103,716</b>
	<b><u>Attorney General</u></b>		
	<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.543	Missing Children's Assistance	N/A	275,356
16.576	Crime Victim Compensation	N/A	775,070
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	N/A	214,015
16.816	John R. Justice Prosecutors and Defenders Incentive Act	N/A	31,929
	<i>Total U.S. DEPARTMENT OF JUSTICE</i>		<u>1,296,370</u>
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.775	State Medicaid Fraud Control Units	N/A	2,630,518
	<b>TOTAL Attorney General</b>		<b>3,926,888</b>
	<b><u>Board for Community and Junior Colleges</u></b>		
	<b>U.S. DEPARTMENT OF EDUCATION</b>		
84.002	Adult Education – Basic Grants to States	N/A	5,396,447
	<b>TOTAL Board for Community and Junior Colleges</b>		<b>5,396,447</b>
	<b><u>Corrections</u></b>		
	<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.606	State Criminal Alien Assistance Program	N/A	10,310
	<b>TOTAL Corrections</b>		<b>10,310</b>
	<b><u>Education</u></b>		
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
10.553	School Breakfast Program (SBP)	63,482,043	63,700,548
10.555 @	National School Lunch Program (NSLP)	175,384,581	194,044,063
10.556	Special Milk Program for Children (SMP)	2,437	2,437

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<b>CFDA Number</b>	<b>State Agency/Federal Department/Program Name</b>	<b>Amount Passed To Subrecipients</b>	<b>Federal Expenditures Distributions/ Issuances</b>
10.558	Child and Adult Care Food Program	44,373,432	44,373,432
10.559	Summer Food Service Program for Children (SFSPC)	8,234,466	8,234,466
10.560	State Administrative Expenses for Child Nutrition	N/A	4,200,720
10.574	Team Nutrition Grants	N/A	(565)
10.579	Child Nutrition Discretionary Grants Limited Availability	N/A	99,512
10.582	Fresh Fruit and Vegetable Program	2,080,759	2,080,833
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>			<b>316,735,446</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.UN1	Teacher and Teacher's Aide Placement Assistance Program	N/A	79,063
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.010	Title I Grants to Local Educational Agencies	106,728,018	170,234,039
84.011	Migrant Education – State Grant Program	561,052	1,101,004
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	N/A	421,257
84.027	Special Education – Grants to States (IDEA, Part B)	N/A	116,103,533
84.044	TRIO – Talent Search	N/A	336,570
84.048	Career and Technical Education – Basic Grants to States	10,559,843	13,104,328
84.144	Migrant Education – Coordination Program	N/A	41,389
84.173	Special Education – Preschool Grants (IDEA, Preschool)	N/A	4,088,553
84.196	Education for Homeless Children and Youth	N/A	931,548
84.287	Twenty-First Century Community Learning Centers	N/A	16,596,427
84.305	Education Research, Development and Dissemination	N/A	98,282
84.323	Special Education – State Personnel Development	N/A	802,672
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement	N/A	299,218
84.358	Rural Education	N/A	5,101,973
84.365	English Language Acquisition State Grants	N/A	1,277,308
84.366	Mathematics and Science Partnerships	N/A	2,357,196
84.367	Improving Teacher Quality State Grants	N/A	31,942,352
84.369	Grants for State Assessments and Related Activities	N/A	10,202,615
84.372	Statewide Data Systems	N/A	90,033
84.374	Teacher Incentive Fund	N/A	1,904,414
84.377	School Improvement Grants	N/A	5,361,229
84.388	ARRA – School Improvement Grants, Recovery Act	N/A	(57,442)
<b>Total U.S. DEPARTMENT OF EDUCATION</b>			<b>382,338,498</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	N/A	188,273
<b>TOTAL Education</b>			<b>699,341,280</b>
<b>Emergency Management</b>			
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	146,060	146,060
	<b>DEPARTMENT OF HOMELAND SECURITY</b>		
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	N/A	216,455
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	89,611,594	89,708,507
97.039	Hazard Mitigation Grant	27,141,894	27,141,894
97.042	Emergency Management Performance Grants	2,606,734	4,483,365
97.049	Presidential Declared Disaster Assistance	N/A	20,157
97.082	Disaster Housing Operations for Individuals and Households Earthquake Consortium	N/A	31,099
97.088	Disaster Assistance Projects	N/A	47,698
<b>Total DEPARTMENT OF HOMELAND SECURITY</b>			<b>121,649,175</b>
<b>TOTAL Emergency Management</b>			<b>121,795,235</b>
<b>Employment Security</b>			
	<b>U.S. DEPARTMENT OF LABOR</b>		
17.002	Labor Force Statistics	N/A	760,835
17.207	Employment Service / Wagner-Peyser Funded Activities	N/A	5,101,830
17.225 #	Unemployment Insurance	N/A	132,072,066
17.225 #	ARRA – Unemployment Insurance	N/A	179
17.235	Senior Community Service Employment Program	909,847	940,818
17.245	Trade Adjustment Assistance	N/A	320,578
17.258	WIA Adult Program	6,689,786	9,510,558
17.259	WIA Youth Activities	7,399,681	9,147,030
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects	312,816	340,116
17.267	Incentive Grants – WIA Section 503	N/A	(6)
17.271	Work Opportunity Tax Credit Program (WOTC)	N/A	99,361
17.273	Temporary Labor Certification for Foreign Workers	N/A	77,215
17.277	Workforce Investment Act (WIA) National Emergency Grants	852,773	931,751
17.278	WIA Dislocated Worker Formula Grants	9,913,255	10,553,264
17.281	WIA/WIOA Dislocated Worker National Reserve Technical		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<b>CFDA Number</b>	<b>State Agency/Federal Department/Program Name</b>	<b>Amount Passed To Subrecipients</b>	<b>Federal Expenditures Distributions/ Issuances</b>
	Assistance and Training	N/A	50,018
17.801	Disabled Veterans' Outreach Program (DVOP)	N/A	1,156,215
17.804	Local Veterans' Employment Representative (LVER) Program	N/A	363,127
<i>Total U.S. DEPARTMENT OF LABOR</i>			<u>171,424,955</u>
<b>TOTAL Employment Security</b>			<u><b>171,424,955</b></u>
<b><u>Environmental Quality</u></b>			
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	N/A	120,661
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	N/A	124,553
15.252	Abandoned Mine Land Reclamation (AMLR) Program	N/A	81,501
15.608	Fish and Wildlife Management Assistance	N/A	17,108
15.808	U.S. Geological Survey – Research and Data Collection	N/A	16,193
15.810	National Cooperative Geologic Mapping Program	N/A	59,223
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	N/A	14,549
15.980	National Ground-Water Monitoring Network	N/A	11,091
<i>Total U.S. DEPARTMENT OF THE INTERIOR</i>			<u>324,218</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
17.600	Mine Health and Safety Grants	N/A	27,876
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast	N/A	323,624
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	N/A	403,401
66.040	State Clean Diesel Grant Program	89,589	113,227
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	N/A	248,415
66.454	Water Quality Management Planning	N/A	112,522
66.458	Capitalization Grants for Clean Water State Revolving Funds	N/A	8,230,460
66.460	Nonpoint Source Implementation Grants	1,570,080	2,966,515
66.461	Regional Wetland Program Development Grants	N/A	34,698
66.472	Beach Monitoring and Notification Program Implementation Grants	N/A	262,341
66.605	Performance Partnership Grants	N/A	7,294,617
66.606	Survey's, Studies, Investigations and Special Purpose Grants	N/A	91,080
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	N/A	69,044

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	N/A	413,980
66.708	Pollution Prevention Grants Program	N/A	42,348
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	N/A	106,919
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	N/A	285,511
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	N/A	1,006,102
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	N/A	80,090
<i>Total ENVIRONMENTAL PROTECTION AGENCY</i>			<u>21,761,270</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
97.041	National Dam Safety Program	N/A	300,269
97.045	Cooperating Technical Partners	N/A	929,956
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			<u>1,230,225</u>
<b>TOTAL Environmental Quality</b>			<u><b>23,787,874</b></u>
<b><u>Finance and Administration</u></b>			
<b>GENERAL SERVICES ADMINISTRATION</b>			
39.003 @	Donation of Federal Surplus Personal Property	N/A	825,416
<b>TOTAL Finance and Administration</b>			<u><b>825,416</b></u>
<b><u>Forestry Commission</u></b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.664	Cooperative Forestry Assistance	N/A	6,013,047
<b>TOTAL Forestry Commission</b>			<u><b>6,013,047</b></u>
<b><u>Governor's Office</u></b>			
<b>U.S. DEPARTMENT OF COMMERCE</b>			
11.557	ARRA – Recovery Act – Mississippi Education, Safety and Health Network	632,620	632,620
11.558	ARRA – State Broadband Data and Development Grant Program	N/A	(4,622)
<i>Total U.S. DEPARTMENT OF COMMERCE</i>			<u>627,998</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name	Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
93.600	Head Start	N/A	175,000
<b>TOTAL Governor's Office</b>			<b>802,998</b>
<b><u>Health</u></b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	2,672,534	73,120,136
10.565	Commodity Supplemental Food Program	614,253	614,253
10.578	WIC Grants to States (WGS)	N/A	281,898
<i>Total U.S. DEPARTMENT OF AGRICULTURE</i>			<i>74,016,287</i>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
14.241	Housing Opportunities for Persons with AIDS Program	189,046	189,046
<b>U.S. DEPARTMENT OF LABOR</b>			
17.005	Compensation and Working Conditions	N/A	37,776
<b>APPALACHIAN REGIONAL COMMISSION</b>			
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	N/A	53,429
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.032	State Indoor Radon Grants	N/A	71,255
66.432	State Public Water System Supervision	N/A	1,364,479
66.468	Capitalization Grants for Drinking Water State Revolving Funds	N/A	9,491,161
<i>Total ENVIRONMENTAL PROTECTION AGENCY</i>			<i>10,926,895</i>
<b>U.S. DEPARTMENT OF ENERGY</b>			
81.136	DOE Salmon Testing Site	N/A	93,609
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.181	Special Education – Grants for Infants and Families	N/A	3,899,071
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.070	Environmental Public Health and Emergency Response	N/A	(8,960)
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	1,768,578	8,666,340
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	73,726	443,233
93.103	Food and Drug Administration – Research	30,000	576,149
93.110	Maternal and Child Health Federal Consolidated Programs	N/A	148,130
93.116	Project Grants and Cooperative Agreements for		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<b>CFDA Number</b>	<b>State Agency/Federal Department/Program Name</b>	<b>Amount Passed To Subrecipients</b>	<b>Federal Expenditures Distributions/ Issuances</b>
	Tuberculosis Control Programs	N/A	669,505
93.127	Emergency Medical Services for Children	N/A	121,428
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices	N/A	197,213
93.136	Injury Prevention and Control Research and State and Community Based Programs	219,980	219,980
93.184	Disabilities Prevention	N/A	(7,816)
93.217	Family Planning – Services	N/A	3,235,118
93.236	Grants to States to Support Oral Health Workforce Activities	N/A	156,347
93.241	State Rural Hospital Flexibility Program	152,402	203,763
93.251	Universal Newborn Hearing Screening	25,917	226,858
93.262	Occupational Safety and Health Program	N/A	57,909
93.268 @	Immunization Cooperative Agreements`	N/A	42,038,399
93.270	Adult Viral Hepatitis Prevention and Control	N/A	79,346
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance	900,989	5,296,358
93.292	National Public Health Improvement Initiative	N/A	40,057
93.296	State Partnership Grant Program to Improve Minority Health	N/A	171,939
93.301	Small Rural Hospital Improvement Grant Program	302,184	305,346
93.305	National State Based Tobacco Control Programs	311,625	711,441
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	N/A	67,466
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,658	344,108
93.336	Behavioral Risk Factor Surveillance System	N/A	199,131
93.500	Pregnancy Assistance Fund Program	9,375	101,874
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	N/A	394,043
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - Financed in Part by Prevention and Public Health Funds	N/A	1,306,372
93.548	PPHF: State Nutrition, Physical Activity, and Obesity Programs – Financed in Part by PPHF	N/A	1,409
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	996,288	1,042,768
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure And Performance – Financed in Part by the Prevention and Public Health Fund (PPHF)	5,463	383,744
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	N/A	152,577
93.735	State Public Health Approaches for Ensuring Quitline Capacity –		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name	Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
	Funded in Part by Prevention and Public Health Funds (PPHF)	226,217	226,217
93.753	Child Lead Poisoning Prevention Surveillance Financed in Part by Prevention and Public Health Program (PPHF)	N/A	114,457
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease And Stroke (PPHF)	N/A	(211,283)
93.758	Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	59,746	1,203,505
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	N/A	2,294,165
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	9,500	236,894
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	879,595	879,595
93.889	National Bioterrorism Hospital Preparedness Program	N/A	(1,526,270)
93.913	Grants to States for Operation of Offices of Rural Health	35,600	133,336
93.917	HIV Care Formula Grants	727,071	11,451,925
93.940	HIV Prevention Activities – Health Department Based	N/A	3,419,145
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	17,964	913,540
93.945	Assistance Programs for Chronic Disease Prevention and Control	337,645	1,790,966
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	N/A	136,599
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	97,777	1,706,885
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	N/A	(333)
93.991	Preventive Health and Health Services Block Grant	79,784	408,667
93.994	Maternal and Child Health Services Block Grant to the States	416,808	7,634,295
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			98,353,880
<b>TOTAL Health</b>			<b>187,569,993</b>
<b><u>Human Services</u></b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.551	Supplemental Nutrition Assistance Program (SNAP)	N/A	848,403,954
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	2,533,023	27,753,399
10.568	Emergency Food Assistance Program (Administrative Costs)	685,100	946,023
10.569 @	Emergency Food Assistance Program (Food Commodities)	N/A	6,753,860
10.577	SNAP Partnership Grant	N/A	361,137
10.596	Pilot Projects to Reduce Dependency and Increase		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	Work Requirements and Work Effort under SNAP	N/A	9,582,646
	<i>Total U.S. DEPARTMENT OF AGRICULTURE</i>		<i>893,801,019</i>
	<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.812	Second Chance Act Reentry Initiative	408,712	423,002
	<b>U.S. DEPARTMENT OF ENERGY</b>		
81.042	Weatherization Assistance for Low-Income Persons	926,511	1,210,202
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation	43,600	44,135
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long-Term Care Ombudsman Services for Older Individuals	113,620	121,784
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	162,804	187,818
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	3,270,659	4,256,703
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	4,880,548	6,029,564
93.048	Special Programs for the Aging – Title IV – and Title II – Discretionary Projects	45,096	185,445
93.052	National Family Caregiver Support, Title III, Part E	1,276,284	1,498,922
93.053	Nutrition Services Incentive Program	1,506,468	1,561,097
93.071	Medicare Enrollment Assistance Program	33,895	34,464
93.235	Affordable Care Act (ACA) Abstinence Education Program	473,598	568,178
93.324	State Health Insurance Assistance Program	422,883	644,654
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	N/A	2,555,960
93.556	Promoting Safe and Stable Families	2,371,699	3,162,376
93.558	Temporary Assistance for Needy Families (TANF) State Programs	8,826,253	41,987,840
93.563	Child Support Enforcement	N/A	15,612,675
93.566	Refugee and Entrant Assistance – State Administered Programs	1,330,837	1,373,038
93.568	Low-Income Home Energy Assistance	21,006,311	30,034,637
93.569	Community Services Block Grants	8,424,639	12,198,754
93.575	Child Care and Development Block Grant	10,357,297	57,405,717
93.590	Community-Based Child Abuse Prevention Grants	215,749	256,192
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	1,537,723	17,237,603
93.597	Grants to States for Access and Visitation Programs	33,689	111,130
93.599	Chafee Education and Training Vouchers Program (ETV)	N/A	291,530
93.603	Adoption Incentive Payments	N/A	1,158,083
93.643	Children's Justice Grants to States	145,950	163,239

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

CFDA Number	State Agency/Federal Department/Program Name	Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
93.645	Stephanie Tubbs Jones Child Welfare Services Program	N/A	1,342,250
93.652	Adoption Opportunities	N/A	20,193
93.658	Foster Care – Title IV-E	N/A	24,894,826
93.659	Adoption Assistance	N/A	10,724,911
93.667	Social Services Block Grant	6,846,828	26,617,145
93.669	Child Abuse and Neglect State Grants	N/A	255,496
93.674	Chafee Foster Care Independence Program	296,825	1,291,648
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			263,828,007
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
94.016	Senior Companion Program	N/A	132,619
<b>TOTAL Human Services</b>			<b>1,159,394,849</b>
<b><u>Insurance</u></b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	N/A	(7,653)
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	N/A	292,181
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	N/A	4,370,293
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			4,654,821
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
97.043	State Fire Training Systems Grants	N/A	31,622
<i>Total U.S. DEPARTMENT OF HOMELAND SECURITY</i>			31,622
<b>TOTAL Insurance</b>			<b>4,686,443</b>
<b><u>Library Commission</u></b>			
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			
45.310	Grants to States	546,682	1,700,137
<b>TOTAL Library Commission</b>			<b>1,700,137</b>
<b><u>Marine Resources</u></b>			
<b>U.S. DEPARTMENT OF COMMERCE</b>			
11.407	Interjurisdictional Fisheries Act of 1986	N/A	87,295
11.417	Sea Grant Support	N/A	(76,725)
11.419	Coastal Zone Management Administration Awards	N/A	963,584
11.420	Coastal Zone Management Estuarine Research Reserves	N/A	587,901

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
11.434	Cooperative Fishery Statistics	N/A	46,994
11.454	Unallied Management Projects	53,758	1,754,827
11.463	Habitat Conservation	N/A	18,906
<i>Total U.S. DEPARTMENT OF COMMERCE</i>			3,382,782
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.426	Coastal Impact Assistance Program (CIAP)	342,736	429,827
15.605	Sport Fish Restoration Program	521,339	521,339
15.622	Sportfishing and Boating Safety Act	195,607	195,607
15.630	Coastal Program	N/A	14,991
15.668	Coastal Impact Assistance Program	5,813,118	7,842,832
15.939	National Heritage Area Federal Financial Assistance	12,605	119,590
<i>Total U.S. DEPARTMENT OF THE INTERIOR</i>			9,124,186
<b>TOTAL Marine Resources</b>			<b>12,506,968</b>
<b>Medicaid</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.767	Children's Health Insurance Program	N/A	274,859,551
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	N/A	2,121,451
93.778	Medical Assistance Program	N/A	3,996,547,160
93.791	Money Follows the Person Rebalancing Demonstration	N/A	5,614,705
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			4,279,142,867
<b>TOTAL Medicaid</b>			<b>4,279,142,867</b>
<b>Mental Health</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	79,906	136,476
93.150	Projects for Assistance in Transition from Homelessness (PATH)	N/A	146,324
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	3,465,395	4,574,009
93.630	Developmental Disabilities Basic Support and Advocacy Grants	N/A	1,110,886
93.631	Developmental Disabilities Projects of National Significance	189,617	293,221
93.958	Block Grants for Community Mental Health Services	3,913,790	4,091,755
93.959	Block Grants for Prevention and Treatment of Substance Abuse	12,558,533	13,181,650

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>		23,534,321
	<b>TOTAL Mental Health</b>		<b>23,534,321</b>
	<b><u>Military Department</u></b>		
	<b>U.S. DEPARTMENT OF DEFENSE</b>		
12.400	Military Construction, National Guard	N/A	6,318,225
12.401	National Guard Military Operations and Maintenance (O&M) Projects	N/A	68,064,736
12.404	National Guard Challenge Program	N/A	4,201,535
	<i>Total U.S. DEPARTMENT OF DEFENSE</i>		78,584,496
	<b>TOTAL Military Department</b>		<b>78,584,496</b>
	<b><u>MS Development Authority</u></b>		
	<b>U.S. DEPARTMENT OF DEFENSE</b>		
12.002	Procurement Technical Assistance For Business Firms	191,158	421,946
	<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
14.228	Community Development Block Grants / State's Program	151,197,018	151,197,018
14.231	Emergency Solutions Grant Program	N/A	2,015
14.239	Home Investment Partnerships Program	N/A	7,064
	<i>Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>		151,206,097
	<b>APPALACHIAN REGIONAL COMMISSION</b>		
23.002	Appalachian Area Development	2,992,981	2,992,981
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	N/A	102,720
	<i>Total APPALACHIAN REGIONAL COMMISSION</i>		3,095,701
	<b>SMALL BUSINESS ADMINISTRATION</b>		
59.061	State Trade and Export Promotion Pilot Grant Program	N/A	533,423
	<b>U.S. DEPARTMENT OF ENERGY</b>		
81.041	State Energy Program	N/A	110,331
81.119	State Energy Program Special Projects	98,799	320,982
	<i>Total U.S. DEPARTMENT OF ENERGY</i>		431,313
	<b>TOTAL MS Development Authority</b>		<b>155,688,480</b>
	<b><u>Oil and Gas Board</u></b>		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
66.433	State Underground Water Source Protection	N/A	97,750
<b>TOTAL Oil and Gas Board</b>			<b>97,750</b>
<hr/>			
	<b><u>Public Safety</u></b>		
	<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.012	Alcohol, Tobacco, and Firearms – Training Assistance	N/A	8,855
16.017	Sexual Assault Services Formula Program	229,317	243,121
16.523	Juvenile Accountability Block Grants	67,511	67,511
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	N/A	697,516
16.554	National Criminal History Improvement Program (NCHIP)	N/A	173,831
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	N/A	840,268
16.575	Crime Victim Assistance	4,533,962	4,966,475
16.588	Violence Against Women Formula Grants	1,305,374	1,421,078
16.593	Residential Substance Abuse Treatment for State Prisoners	186,528	222,173
16.607	Bulletproof Vest Partnership Program	N/A	110,969
16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,969,541	2,298,978
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	138,267	199,223
16.750	Support for Adam Walsh Act Implementation Grant Program	N/A	86,047
16.751	Edward Byrne Memorial Competitive Grant Program		
	Task Force Program (ICAC)	50,762	50,762
16.922	Equitable Sharing Program	N/A	45,414
16.UN	Domestic Cannabis Eradication / Suppression Program	N/A	30,868
16.UN1	DEA Task Force	N/A	121,489
16.UN5	U.S. Marshall Service	N/A	70,160
16.UNI	Public Safety Program Subgrant Equipment	N/A	33,182
<b>Total U.S. DEPARTMENT OF JUSTICE</b>			<b>11,687,920</b>
<hr/>			
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
20.218	National Motor Carrier Safety	N/A	3,309,107
20.232	Commercial Driver's License Program Improvement Grant	N/A	528,922
20.2NA	Fatal Analysis Reporting System	N/A	87,570
20.600	State and Community Highway Safety	N/A	14,072,408
20.607	Alcohol Open Container Requirements	1,161,642	1,161,642
<b>Total U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>19,159,649</b>
<hr/>			
	<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>		
95.001	High Intensity Drug Trafficking Areas Program	891,235	1,506,704
<hr/>			
	<b>DEPARTMENT OF HOMELAND SECURITY</b>		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
97.001	Mississippi Interoperable Communications Grant	284,241	284,241
97.067	Homeland Security Grant Program	5,024,839	5,024,839
97.089	Driver's License Security Grant Program	6,468,967	6,468,969
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			11,778,049
<b>TOTAL Public Safety</b>			<b>44,132,322</b>
<b><u>Public Service Commission</u></b>			
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.700	Pipeline Safety Program Base Grant	N/A	383,870
<b>TOTAL Public Service Commission</b>			<b>383,870</b>
<b><u>Rehabilitation Services</u></b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	N/A	33,238,144
84.169	Independent Living - State Grants	N/A	99,110
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	N/A	238,257
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	N/A	204,907
84.224	Assistive Technology		624
84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training	N/A	(11,933)
<i>Total U.S. DEPARTMENT OF EDUCATION</i>			33,769,109
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.008	Medical Reserve Corps Small Grant Program	N/A	115,278
93.369	ACL Independent Living State Grants	N/A	215,722
93.464	ACL Assistive Technology	N/A	379,558
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			710,558
<b>SOCIAL SECURITY ADMINISTRATION</b>			
96.001	Social Security – Disability Insurance (DI)	N/A	26,636,074
96.008	Social Security – Work Incentives Planning and Assistance Program	N/A	205,582
<i>Total SOCIAL SECURITY ADMINISTRATION</i>			26,841,656
<b>TOTAL Rehabilitation Services</b>			<b>61,321,323</b>
<b><u>Soil and Water Conservation Commission</u></b>			

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
10.902	Soil and Water Conservation	384,687	915,066
	<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	N/A	65,511
	<b>TOTAL Soil and Water Conservation Commission</b>		<b>980,577</b>
	<b><u>Supreme Court</u></b>		
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.586	State Court Improvement Program	N/A	351,940
	<b>TOTAL Supreme Court</b>		<b>351,940</b>
	<b><u>Transportation</u></b>		
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
20.106	Airport Improvement Program	N/A	35,775
20.205	Highway Planning and Construction	55,613,254	492,499,285
20.215	Highway Training and Education	N/A	162,755
20.237	Commercial Vehicle Information Systems and Networks	N/A	(53,241)
20.314	Railroad Development	N/A	351,030
20.509	Formula Grants for Rural Areas	14,814,716	15,728,754
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	1,997,228	1,997,228
20.516	Job Access and Reverse Commute Program	139,297	139,297
20.521	New Freedom Program	259,909	259,909
20.526	Bus and Bus Facilities Formula Program	334,582	384,582
20.933	National Infrastructure Investments	26,777	2,602,526
	<i>Total U.S. DEPARTMENT OF TRANSPORTATION</i>		<i>514,107,900</i>
	<b>TOTAL Transportation</b>		<b>514,107,900</b>
	<b><u>Treasury</u></b>		
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
10.665	Schools and Roads – Grants to States	N/A	5,042,731
	<b>U.S. DEPARTMENT OF ENERGY</b>		
81.UN1	Petroleum Violation Escrow – Stripper Well	N/A	2,028,100
	<b>TOTAL Treasury</b>		<b>7,070,831</b>
	<b><u>Veterans Affairs Board</u></b>		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2016

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
64.124	All-Volunteer Force Educational Assistance	N/A	103,134
64.203	Veteran's Cemetery Grants Program	N/A	2,115,893
<b>TOTAL Veterans Affairs Board</b>			<b>2,219,027</b>
<b>Wildlife, Fisheries and Parks</b>			
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.106	Flood Control Projects (Passed-through from the U.S. Army Corps of Engineers). Identifying numbers assigned DACW38-91-H-0007, DACW01-3-92-0411, DACW38-3-09-176, DACW01-3-91-0500, DACW01-3-96-0023, DACW38-3-12-9, and DACW01-3-92-0410.	N/A	1,628,964
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.605	Sport Fish Restoration Program	383,347	3,284,572
15.608	Fish and Wildlife Management Assistance	N/A	1,240
15.611	Wildlife Restoration and Basic Hunter Education	384,436	7,279,768
15.615	Cooperative Endangered Species Conservation Fund	N/A	316,976
15.634	State Wildlife Grants	N/A	456,087
15.657	Endangered Species Conservation – Recovery Implementation Funds	N/A	37,225
15.916	Outdoor Recreation – Acquisition, Development and Planning	290,148	290,148
<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>			<b>11,666,016</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.219	Recreational Trails Program	1,367,548	1,367,548
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
97.012	Boating Safety Financial Assistance	N/A	1,760,470
<b>TOTAL Wildlife, Fisheries and Parks</b>			<b>16,422,998</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS:</b>			<b>\$ 7,589,015,131</b>

### EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

Programs which expended funds under the American Recovery and Reinvestment Act of 2009 are identified using "ARRA" in front of the program name.

# The total expenditures for CFDA No. 17.225 include state expenditures of \$101,496,674 and federal expenditures of \$30,575,571

@ Denotes federal programs with noncash benefits.

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

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# **Notes to the Schedules of Expenditures of Federal Awards**



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## STATE OF MISSISSIPPI

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### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

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#### **NOTE 1: PURPOSE OF THE SCHEDULES**

Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (contained in Title 2 of the U.S. Code of Federal Regulations Part 200), requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these Schedules was combined by the Department of Finance and Administration to form the accompanying Schedules of Expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the Financial Position, Changes in Net Position or Cash Flows of the State.

#### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

- A. Basis of Presentation - The information in the accompanying Schedules of Expenditures of federal awards is presented in accordance with OMB Title 2 of the U.S. Code of Federal Regulations Part 200 (Uniform Guidance). The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.
- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food commodities, immunizations and surplus property, is included in federal financial assistance and, therefore, is reported on the Schedules of Expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.
  - Major Programs - The Single Audit Act Amendments of 1996 and Uniform Guidance establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. According to the state's Single Audit Report for the fiscal year ended June 30, 2016, federal expenditures, distributions or issuances totaled \$7,589,015,131. This established the threshold for Type A programs as those with federal expenditures, distributions or issuances which exceeded \$22,767,045. For the fiscal year 2016 audit, there were twenty four programs with expenditures exceeding the Type A threshold. Of these twenty four programs, six Type A programs were identified as low risk. Risk assessments of Type B programs were performed until the appropriate number of high risk Type B programs were identified. Therefore for fiscal year 2016, twenty one federal award programs, comprising eighteen high risk Type A programs and three high risk Type B programs, were audited as major programs for the State of Mississippi.

- *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying Schedules. The first two digits of the CFDA number designate the federal agency and the last three digits designate the federal assistance program within the federal agency.

For programs that have not been assigned a CFDA number, the number shown in the Schedule is the federal agency's 2 digit prefix followed by "UN" and digits to identify one or more Federal award lines which form the program.

- *Cluster of Programs* – A grouping of closely related programs with different CFDA numbers that share common compliance requirements is considered a cluster of programs. The accompanying Schedules have been designed to present federal financial assistance information by clusters.
  - *Amount Provided to Subrecipients* – The amount of federal assistance that the State provided to subrecipients under each federal program is presented in a separate column in the accompanying Schedules according to requirements in Uniform Guidance. A subrecipient is defined by Uniform Guidance as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program.
  - *Indirect Cost Rate* – As detailed in Uniform Guidance, State Agencies may elect to charge a de minimis cost rate of 10% of modified total direct costs which may be used indefinitely if said Agencies have not previously negotiated a separate indirect cost rate with the federal entity. Except for those agencies listed in Appendix A, all other State agencies covered in this report have elected to use the 10% de minimis rate.
- B. Reporting Entity - The accompanying Schedules include all federal programs administered by the State of Mississippi, except for the programs accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2016. Expenditures of federal awards provided to the state's public universities and related entities were audited by other auditors in accordance with statutory requirements and the provisions of Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (contained in Title 2 of the U.S. Code of Federal Regulations Part 200); and a separate report issued December 21, 2016.
- C. Basis of Accounting - Federal programs included in the accompanying Schedules are accounted for in the state's governmental and proprietary funds. Governmental funds are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting and proprietary funds by using the economic resources measurement focus and the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Negative amounts reflected in the accompanying Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Amounts reflected as distributions in the accompanying Schedules for donated federal surplus property are based on an estimated average fair market value of 23.5 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2016, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

The value of food commodity distributions within the National School Lunch Program on the accompanying Schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

## STATE OF MISSISSIPPI

### Notes to Schedules of Expenditures of Federal Awards (continued)

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The state issues food stamp benefits in electronic form, and benefits are recognized as expenditures when recipients use the benefits.

- D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:
1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
  2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

#### **NOTE 3: OTHER**

- A. All federal expenditures/distributions/issuances included in the accompanying Schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying Schedules of Expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$825,416. These distributions were valued based on an estimated average fair market value of 23.5 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2016, as charges for sales and services of \$737,487. The amount was based upon handling and shipping costs at the date of transfer to the state.
- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's program include disbursements made for grants and new loans totaling \$874,793. Program income generated by the program in previous years was used to make these grants and new loan payments. In subsequent years, the program income generated from the repayment of loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2016, the outstanding loan balance for the program totaled \$3,856,903.
- D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying Schedules of Expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$101,496,495
Federal Portion	<u>30,575,571</u>
Total	<u>\$132,072,245</u>

- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding

**STATE OF MISSISSIPPI****Notes to Schedules of Expenditures of Federal Awards (continued)**

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source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the Mississippi Department of Environmental Quality. When received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2016, was \$408,760,475. Total disbursements for new loans for the year ended June 30, 2016, totaled \$51,491,777. Administrative costs associated with the program for the year ended June 30, 2016, totaled \$1,364,770.

- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - include loans to counties, municipalities and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received, these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2016, was \$159,782,243. Total disbursements for new loans made during fiscal year 2016 totaled \$16,449,766. Administrative costs associated with the program for the year ended June 30, 2016, totaled \$1,915,176.
- G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$41,430,764 related to State Aid Road Construction is included on the Schedules of Expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.
- H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the Schedules of Expenditures of federal awards with an @ to the right of the CFDA number. A listing of these programs follows:

<b><u>CFDA Number</u></b>	<b><u>Program Name</u></b>
10.555	National School Lunch Program (NSLP)
10.569	Emergency Food Assistance Program (Food Commodities)
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Cooperative Agreements

- *CFDA 10.555 — National School Lunch Program received \$194,044,063 including cash assistance and noncash assistance. Cash assistance totaled \$175,123,638 and noncash assistance totaled \$18,920,425.*
- *CFDA 93.268 — Immunization Grants received \$42,038,399 including cash assistance and noncash assistance. Cash assistance totaled \$1,886,547 and noncash assistance totaled \$40,151,852.*

- I. The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided



**STATE OF MISSISSIPPI**  
**Notes to Schedules of Expenditures of Federal Awards (continued)**

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to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 0.64 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2014.

**J. Contingencies.**

The State of Mississippi has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State.

The Office of the Governor – Division of Medicaid has been notified by the Centers for Medicare and Medicaid Services (CMS) of a potential claim relative to potential overpayments by CMS under Medical Assistance Program grants that may have been made between 1981 and 2009 to a number of states, including Mississippi. CMS is working with the Division of Medicaid, as well as various other states, to resolve the discrepancies. The amount questioned by CMS approximates \$28 million for the Division of Medicaid. Additionally, the Division of Medicaid has been notified by the Office of the Inspector General (OIG) of a potential claim relative to unallowable school-based Medicaid administrative costs for federal fiscal years 2010 through 2012. The amount determined by the OIG to be unallowable is \$21,200,000.

The Department of Public Safety (DPS) was notified by the U.S. Department of Transportation that approximately \$7,100,000 of costs expended by DPS in execution of the Highway Safety Grant Programs was unallowable. DPS is currently negotiating the amount to be reimbursed due to those ineligible expenditures. As of the date of this report, the amount, plus interest and penalties, has increased to approximately \$11,000,000.

**K. The State of Mississippi's major federal programs for the year ended June 30, 2016, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:**

<b>CFDA Number</b>	<b>Program Name</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
	<u><b>SNAP Cluster</b></u>
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	<u><b>Child Nutrition Cluster</b></u>
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSPC)
	<u><b>WIA Cluster</b></u>
17.258	WIA Adult Program

**STATE OF MISSISSIPPI****Notes to Schedules of Expenditures of Federal Awards (continued)**

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17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
	<u>Highway Planning and Construction Cluster</u>
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
84.010	Title 1 Grants to Local Educational Agencies
84.048*	Career and Technical Education – Basic Grants to States
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
	<u>Special Education Cluster (IDEA)</u>
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)
84.287*	Twenty-First Century Community Learning Grants
84.367	Improving Teacher Quality State Grants
93.074*	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
	<u>TANF Cluster</u>
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.568	Low-Income Home Energy Assistance
	<u>CCDF Cluster</u>
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care – Title IV-E
93.667	Social Services Block Grant
93.767	Children’s Health Insurance Program
	<u>Medicaid Cluster</u>
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

\*Denotes a Type B Program

**STATE OF MISSISSIPPI**  
**Notes to Schedules of Expenditures of Federal Awards (continued)**

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**Appendix “A”**

The following state agencies have negotiated an indirect cost rate and have not opted to use the de minimis rate of 10% as allowed in Uniform Guidance:

Board of Animal Health  
Department of Agriculture and Commerce  
Department of Education  
Department of Employment Security  
Department of Environmental Quality  
Department of Health  
Department of Human Services  
Department of Insurance  
Department of Public Safety  
Department of Rehabilitation Services  
Division of Medicaid  
Military Department  
Mississippi Attorney General  
Mississippi Development Authority  
Mississippi Emergency Management Agency  
Mississippi Public Broadcasting  
Mississippi State Fire Academy  
Soil and Water Conservation Commission  
State Veterans Affairs Board

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# **Schedule of Findings and Questioned Costs**

## **Part 1 – Summary of Auditor's Results**



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**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**PART 1 - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:

**Unmodified**

Internal control over financial reporting:

- Material weaknesses identified?   X   yes      no
- Significant deficiencies identified?   X   yes      none reported

Noncompliance material to financial  
statements noted?

  X   yes      no

***Federal Awards***

Internal control over major programs:

- Material weaknesses identified?   X   yes      no
- Significant deficiencies identified?   X   yes      none reported

Type of auditor's report issued on compliance for major programs:

**Unmodified for all major programs except for the Children's Health Insurance Program (93.767), the Medicaid Cluster (93.775/93.777/93.778), and Title 1 Grants to Local Educational Agencies (84.010) which were qualified; Twenty-First Century Community Learning Centers (84.287) which was qualified due to a scope limitation; and the SNAP Cluster (10.551/10.561), the TANF Cluster (93.558), the CCDF Cluster (93.575/93.596), Social Services Block Grant (93.667) and Low Income Home Energy Assistance Program (93.568) which were adverse; and except for the state's public universities for which a separate report was issued.**

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of OMB Circular A-133?

  X   yes      no

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results (continued)**

Identification of major programs:

<b>CFDA Number</b>	<b>Program Name</b>
	SNAP Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	Child Nutrition Cluster
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSPC)
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
	WIA Cluster
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
	Highway Planning and Construction Cluster
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
84.010	Title 1 Grants to Local Educational Agencies
	Special Education Cluster (IDEA)
84.027	Special Education – Grants to State (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)
84.048*	Career and Technical Education – Basic Grants to States
84.287*	Twenty-First Century Community Learning Centers
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.367	Improving Teacher Quality State Grants
93.074*	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements



**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results (concluded)**

<b><u>CFDA Number</u></b>	<b><u>Program Name</u></b>
93.558	TANF Cluster Temporary Assistance for Needy Families (TANF) State Programs
93.568	Low-Income Home Energy Assistance
93.575	CCDF Cluster Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.568	Foster Care – Title IV-E
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.775	Medicaid Cluster State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

\* Denotes Type B Program

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$22,767,045

Auditee qualified as low-risk auditee?

     yes      X   no

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# **Schedule of Findings and Questioned Costs**

## **Part 2 – Financial Statement Findings**



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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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PART 2 – FINANCIAL STATEMENT FINDINGS

**Introduction**

This part of the Schedule of Findings and Questioned Costs presents audit findings classified as material weaknesses, significant deficiencies and material noncompliance that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency. Each finding has one of the following designations:

- **Material Weakness** – A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the state’s financial statements will not be prevented, or detected and corrected on a timely basis.
- **Significant Deficiency** – A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- **Material Noncompliance** – Matters coming to the auditor’s attention relating to the state’s compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts.

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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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PART 2 – FINANCIAL STATEMENT FINDINGS

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**Finding Number**   **Finding and Recommendation**

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**DEPARTMENT OF CORRECTIONS**

**MATERIAL WEAKNESSES**

**2016-021**                      Controls Over the Review of Estimated Utilization of Compensatory Time Should Be Strengthened.

**Repeat Finding**              No

**Criteria**                      Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.

**Condition**                      Mississippi Department of Corrections (MDOC) did not have procedures in place for detailed review and approval of the calculation spreadsheet for the estimated utilization of the compensatory time portion of accrued compensated absences.

**Cause**                          MDOC's designed internal control procedures for identifying and recording of accrued compensated absences did not contain a sufficient detail review process to identify the formula/spreadsheet errors.

**Effect**                          As a result, an audit entry was proposed to correct the impact of three formula/spreadsheet errors.

**Recommendation**              MDOC should implement a process, whereas all accrued compensated absences calculations are subject to detailed review and approval.

**Views of Responsible Officials**                      Management at the Department of Corrections concurs with this finding. See additional comments in the Corrective Action Plan on page 159 of this audit report.

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**2016-022**                      Controls Over the Recording of Appropriations Should Be Strengthened.

**Repeat Finding**              No

**Criteria**                      Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (continued)**

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<b>Condition</b>	In 2015, MDOC recorded appropriations based on the budgeted appropriations for each fund. However, subsequent to the preparation of MDOC's financial records (GAAP Packages) and subsequent to the issuance of the 2015 audit, the Mississippi Department of Finance & Administration (DFA) determined that actual appropriations should not have been based on budget but on the actual amount of appropriations that would be allocated to each fund. The actual appropriations amount is calculated and provided by the DFA.
<b>Cause</b>	The timing of the actual appropriations entry, as posted by DFA, was not made until after the submission of MDOC's GAAP Packages and the issuance of the 2015 audit. The actual appropriations to be applied to MDOC were unknown until that time.
<b>Effect</b>	A restatement of beginning fund balance was required to correct the recorded 2015 appropriations.
<b>Recommendation</b>	MDOC should implement a process, whereby DFA provides the actual appropriations amount to MDOC before the closeout of either the GAAP Package process or the issuance of the annual audit.
<b>Views of Responsible Officials</b>	Management at the Department of Corrections concurs with this finding; however, acknowledges the agencies dependency on the Mississippi Department of Finance and Administration (DFA) for providing supporting information. See additional comments in the Corrective Action Plan on page 159 of this audit report.

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**2016-023**      Controls Over the Cutoff of Contract Payments for Regional Prison, Private Prison, and Medical Contractual Services Should Be Strengthened.

<b>Repeat Finding</b>	No
<b>Criteria</b>	Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.
<b>Condition</b>	Historically, MDOC has recognized contract payments for private prisons, regional prisons and medical contracts one month in arrears due to the timing of the contract invoices. During 2016, MDOC determined that appropriate GAAP was to record these contract payments on the modified accrual basis and recognize the expenditures at the time liabilities are incurred, which is the time the contract services are rendered.
<b>Cause</b>	MDOC's designed accounting policies and procedures did not allow for these contract payments to be applied to the appropriate period in accordance with the modified accrual basis of accounting.



**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (continued)**

---

**Effect**                      A restatement of beginning fund balance was required to correct the cutoff of contract payments in the private prison, regional prison and medical fund.

**Recommendation**        Management should implement a process, whereby invoices for contract payments are recorded in the period in which the services are rendered in accordance with the modified accrual basis of accounting.

**Views of Responsible Officials**      Management at the Department of Corrections concurs with this finding. See additional comments in the Corrective Action Plan on page 159 of this audit report.

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**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)**

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**DEPARTMENT OF EDUCATION**

**MATERIAL WEAKNESSES**

**2016-035**                      Management overrode internal controls and procedures and charged unallowed costs to the Title I program.

**Repeat Finding**              No

**Criteria**                      Internal control procedures affect an agency's ability to process financial transactions that are authorized and accurate. Mississippi Department of Education (MDE) must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

**Condition**                      Unknown

**Cause**                              Controls were overrode by Management.

**Effect**                              Unallowed program expenditures were charged to the Title I program and drawn from USDE. MDE is required to pay restitution to USDE which affects available general funds.

**Recommendation**              MDE should review and enhance current procedures to avoid a reoccurrence. The procedural updates should (at a minimum) provide a protocol for the Office of Accounting in regards to making changes to approved payment requests (MAGIC internal order, payee, dollar amount, etc...). If a change is required the Office of Accounting should return/reject-electronic the request. The Department should make the proper changes, obtain approvals and resubmit to the Office of Accounting. If the Office of Accounting is unable to process the request due to unavailable program funds, the resubmitted request should be (at a minimum) reviewed and approved by the Director – Office of Accounting, the Chief Operations Officer and the applicable Executive Director.

MDE should require federally supported programs to reconcile expenditures, cash receipt and available funds on a monthly basis (no later than quarterly) to identify errors and potential financial problems in a timely manner. Evidence of the review and conclusions reached should be documented and readily available.

**Views of Responsible Officials**              Management at the Department of Education acknowledges with this finding. See additional comments in the Corrective Action Plan on page 161 of this audit report.

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**2016-036**                      The Office of Accounting internal controls and procedures over review and reconciling MDE's general ledger account did not detect materially misstated account balances.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (concluded)**

---

**Repeat Finding** No

**Criteria** Internal control procedures affect an agency's ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

**Condition** The GAAP package for fund 5320100000 prepared by the Office of Accounting and submitted to the Department of Finance and Administration (DFA) was materially misstated; which were not detected by the Office of Accounting. The year-end account balance for cash, due from federal government, accounts payable and due to other state governments were materially misstated. The Office of Accounting prepared the GAAP package based on financial information reported in the statewide general ledger (Mississippi Accountability System for Government Information and Collaboration (MAGIC)). However, the account detail contained material errors such as cleared due from federal government and accounts payable transactions, double counted expenditures and incorrect cash balance. The Office of Accounting notify DFA or the auditors of the errors. Furthermore, MDE's review, approval and maintenance of documentation for year-end accruals posted by DFA were not evident and/or readily available.

**Cause** The Office of Accounting does not have procedures for reviewing and reconciling the Department's general ledger and account detail throughout the year or at year end.

**Effect** The account balance for grant receivable (due from federal government) was overstated by \$35,278,955 which was received and processed by the State Treasurer and DFA in March 2016. The cash receipt was posted to the incorrect fund; therefore, fund 5320100000 receivable and cash account balances were incorrect.

The accounts payable balance was overstated by \$1,674,754 due to outstanding vendor payments that were cleared prior to 6/30/2016 but were not removed from the account detail.

The account balance for due to other government was overstated by \$36,828,134 because the year-end accrual for FY 2015 was not reversed at the beginning of FY 2016. Therefore, the related fund expenditures for FY 2015 were included in the FY 2016 expenditure total.

**Recommendation** MDE should develop and implement procedures for reviewing the general account balance detail. All transactions recorded by DFA should be reviewed, supported and agreed to by MDE. MDE should notify DFA of errors within the account detail. While DFA is responsible for posting year-end accruals and entity-wide journal entries for state-wide reporting purposes, MDE's (and all state departments) general ledger account balances are the Department's responsibility.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (concluded)**

---

**Views of Responsible Officials**

Management at the Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 162 of this audit report.

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**2016-037**

Procedures over accounting for grants should be strengthened in order to accurately present grant activity and the related grant receivable and unearned revenue account balances

**Repeat Finding**

No

**Criteria**

Internal control procedures affect an agency's ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

**Condition**

The account balance detail for grants receivable (due from federal government) and unearned revenue was not supported by the activity of each individual grant. The Office of Accounting maintains the grant schedule which used to assist the Office of Accounting with determining the year-end grant receivable and related unearned revenue account balance. We selected grants receivable and unearned revenue transactions for testing and noted that the transaction may not reflect the year-end activity of an individual grant, but the activity of several grants within the specific federal program (Title I, Special Education Cluster, etc. Child Nutrition Cluster) or grants closed in prior years. The schedule is maintained based on grant activity in MAGIC.

For GAAP package reporting purposes, grants with excess cash receipts over expenditures was identified as unearned and grants with excess expenditures over cash receipts was identified as a receivable, which resulted in materially misstated grants receivable and unearned revenue account balances. In order to determine a reasonable grants receivable and unearned revenue balance the total grant activity at the program level was used.

Grants receivable and unearned revenue should be calculated at the individual grant award level order to accurately determine the grants receivable and unearned grant revenue balances at year end.

**Cause**

DFA instructed MDE to report the grant activity separately for each grant. MDE did update the grants schedule accordingly; therefore, the GAAP package presentation did not reflect an accurate account balance for due from federal government and unearned revenue.

**Effect**

The account receivable and unearned revenue account balances were overstated by \$25,989,203.

STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)

---

**Recommendation** We recommend that MDE continue to report new and future grant activity by each grant, and retroactively update grant activity in order to accurately reflect the grant's in MAGIC. Also until DFA accurately reflect the individual grant activity in MAGIC, a grant schedule should accurately reflect the grant activity of each grant and be reconciled to MAGIC. This will provide support for the year-end adjustment and reporting of the grants receivable and unearned revenue account balance.

**Views of Responsible Officials** Management at the Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 163 of this audit report.

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**2016-045** MDE's was not adequately prepared for the financial audit which resulted in untimely delays in the issuance of the financial statements of funds 5320100000 and 4423000000.

**Repeat Finding** Yes; Material Weakness Finding 2015-021

**Criteria** Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for post-auditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year.

Internal control procedures affect an agency's ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

**Condition** The Office of Accounting was not prepared for the audit on the agreed upon date between the external auditors and MDE. The original issuance date of the fund financial statements was December 31, 2016. MDE did not meet this deadline.

In addition, the Office of Accounting was responsible for delays during the audit process. As a result the financial statements were not issued until March 2017.

**Cause** The Director of the Office of Accounting was the designated audit liaison for the Office of Accounting and did not delegate the responsibility to a staff who could dedicate more time and resources to assisting the auditors. Also, due to the Office of Accounting's lack of review and reconciliation of MAGIC account balances, responses to auditor inquiries were not readily available.

The first day of fieldwork was October 17, 2016. The final trial balance for fund 5320100000 was provided October 27, 2016. Based on our review of the trial balance and account detail we provided the Office of Accounting a list documentation request list. On November 16, 2016, the Director of Accounting

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (concluded)**

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received a detailed list of all outstanding items. On November 28, 2016 and December 12, 2016 we followed up regarding the status of outstanding items. As of January 3, 2017, the outstanding items included documentation requested in November 2016. Furthermore, as documentation was received and reviewed additional auditor questions and requests may arise; MDE's response to such requests were prolonged as well.

Additionally, inadequate responses to the auditor inquiries caused additional delays.

**Effect** The financial audits for funds 5320100000 and 4423000000 were not completed by intended deadline which affection the completion of the State's CAFR.

**Recommendation** We recommend MDE review its policies and procedures over the timing of the year end close out process. Part of these procedures should include the preparation of documentation needed to complete the audit of the financial statements such as account reconciliations, variance fluctuation explanations, etc.. We also recommend that MDE identify a member in Executive Leadership that would be responsible for overseeing the Office of Accounting regarding the office's preparation and response to audit inquiries to ensure that MDE met the deadline for filing annual financial statements.

**Views of Responsible Officials** Management at the Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 164 of this audit report.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)

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**DEPARTMENT OF FINANCE AND ADMINISTRATION**

**MATERIAL WEAKNESSES**

**2016-008**                      Segregation of Duties Conflicts Exist within the Mississippi Accountability System for Government Information and Collaboration

**Repeat Finding**            Yes; 2015-029 Material Weakness Finding

**Criteria**                      *The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as proper segregation of duties, exist and are effective. Proper segregation of duties is essential to minimizing the risk of fictitious transactions and misstated financial position.

Segregation of duties is the sharing of responsibilities within a key process and dispersing the critical functions of that process to more than one person or department. At a minimum, the following functions are considered incompatible for proper segregation of duties:

- Custody
- Authorization or approval
- Recording or reporting

When proper segregation of duties is not practical, compensating controls, such as increased review and reconciliation, should be implemented to ensure proper internal control activities have been met. Good internal controls require effective segregation of duties within MAGIC to ensure critical business functions are performed by separate individuals to prevent incompatible duties which may allow users to perpetuate and conceal errors or fraud in the normal course of duty.

Additionally, the Access Control Portion of the Governance, Risk and Compliance (GRC) module within MAGIC, when fully implemented, can reduce the number of segregation of duties conflict inherent in the user access assignment process.

The Corrective Action Plan submitted in the fiscal year 2015 audit of the Department of Finance and Administration (DFA) indicated that DFA personnel would require and certify that agencies had completed quarterly access reviews, and that the GRC Module would be fully implemented by June 2017.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)**

---

<b>Condition</b>	<p>During testwork performed for the fiscal year 2016, we noted the following prior year findings had not been corrected:</p> <ul style="list-style-type: none"><li>• GRC module was not implemented in fiscal year 2016.</li><li>• Agencies did not certify annually that they had completed user access reviews quarterly.</li><li>• DFA did not review or verify that agencies were completing user access reviews on a quarterly basis or require annual certifications of access reviews.</li><li>• Ability to enter, post and approve transactions was not appropriately restricted to personnel.</li><li>• Ability to enter, post and approve transactions in the E-Grants (CRM) system was not appropriately restricted to agency personnel.</li><li>• User access for separated employees and/or contractors was not appropriately terminated timely.</li></ul>
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to properly segregate duties and limit user access among agency personnel greatly increases the risk of misappropriation of assets, inappropriate changes to data or files and both unintentional and intentional unauthorized activity which can result in misstatement of financial position. Additionally, with the augmented risk of misstatements of financial position, the need for timely and accurate reviews and appropriate control monitoring increases significantly. Further, such situations increase the need for additional documentation, outside monitoring, manual review, and external verification of MAGIC activities and transactions.
<b>Recommendation</b>	We recommend that the Department of Finance and Administration (DFA) take the necessary steps to ensure user access is granted to all users under the "least privilege" principle, fully implement the Access Control portion of the Governance, Risk, and Compliance (GRC) module within MAGIC, and ensure that agencies are performing at least quarterly user access reviews of all user access (including contractors) to their business area. Agencies should certify to DFA on an annual basis that they have completed user access reviews at least quarterly.
<b>Views of Responsible Officials</b>	Management at the Department of Finance and Administration acknowledges with this finding. See additional comments in the Corrective Action Plan on page 171 of this audit report.
<b>2016-009</b>	<u>Written Policies and Procedures Should be in Place Related to Accounting and Reporting Matters</u>
<b>Repeat Finding</b>	Yes; 2015-031 Material Weakness Finding

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (concluded)**

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<b>Criteria</b>	<p><i>Section 27-104-3 Miss. Code Ann. (1972)</i> requires that the Department of Finance and Administration (DFA) prepare and issue a comprehensive reference manual or manuals of policies and procedures for each state agency and department to use, which may include chapters on various fiscal responsibilities, and maintaining financial records and preparing financial reports. DFA is also responsible for updating the manual(s) on a continuing basis.</p> <p>Historically, DFA provided agencies with the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual, which provided agencies with policies and procedures related to the accounting system, input documents, output documents, internal control procedures, and accounting and reporting matters.</p>
<b>Condition</b>	During our review of the internal control environment for fiscal year 2016, we noted that the MAAPP manual has not been updated since the implementation of the Mississippi Accountability System for Government Information and Collaboration (MAGIC) on July 1, 2014, and does not consider system and accounting procedures specific to the MAGIC environment.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to have an adequate policy and procedure manual governing statewide accounting policies and procedures could result in misappropriation of assets and material misstatements in financial statements.
<b>Recommendation</b>	To minimize the risk of financial misstatements and system security compromise, we recommend DFA update the MAAPP manual to ensure relevance of policies and procedures related to the accounting and internal control procedures in the statewide accounting system.
<b>Views of Responsible Officials</b>	Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 172 of this audit report.
<b>2016-010</b>	<u>The Department of Finance and Administration Should Strengthen the Process for Compiling the Comprehensive Annual Financial Statements and the Schedule of Expenditures of Federal Awards</u>
<b>Repeat Finding</b>	Yes; 2015-030 Material Weakness Finding
<b>Criteria</b>	<p><i>Section 27-104-4, Miss. Code Ann. (1972)</i> requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for post auditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the</p>

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Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the Schedule of Expenditures of Federal Awards (SEFA) are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in the suspension of federal discretionary drawdowns.

**Condition**

The Department of Finance and Administration (DFA) was unable to provide the Office of the State Auditor with the necessary financial information to perform the audit of the CAFR within six months of the close of the 2016 fiscal year. Further, reporting issues at various individual state agencies as well as DFA's current financial reporting process has hindered the ability of DFA to prepare a complete CAFR timely. The process is overly dependent on the post-audit program being a part of the internal control over financial reporting even though good internal controls state that the post-audit function should not be an internal control mechanism for any operational activity related to financial reporting. After financial packets were received from state agencies and reviewed by DFA, errors were noted by auditors that required adjusting journal entries to correct.

Other issues that required the financial information to be delayed included:

- Significant errors within MAGIC in interagency receivables and payables (see finding 2016-011 for additional information);
- Misstatements in amounts owed to/from federal agencies;
- Reconciliation errors between cash in MAGIC and cash in Treasury;
- Transfer errors between funds; and
- Inaccuracies in financial reports produced by agencies.

It should be noted that the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) obtained an extension for the CAFR from GFOA this year due to the continuing difficulties encountered because of the implementation of the Mississippi Accountability System for Government Information and Collaboration, (MAGIC), the new accounting system used by the State.

**Cause**

Continuing issues with the implementation of MAGIC and the overhaul of the statewide accounting system and over reliance on the accounting knowledge and expertise of the centralized accounting functions at DFA - OFR. See finding 2016-012 for additional information regarding this area.

**Effect**

The failure of DFA-OFR to compile financial and federal award information accurately and in a timely manner resulted in the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of

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Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood that credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

**Recommendation** We recommend the Mississippi Department of Finance and Administration implement procedures to ensure the timely compilation of financial and federal award information in order to help ensure the CAFR and Single Audit Report are both published in accordance with state and federal law.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 173 of this audit report.

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**2016-011** The State of Mississippi Should Strengthen the Process for Recording Interagency Transfers, Payables and Receivables.

**Repeat Finding** No

**Criteria** *Section 27-104-3 Miss. Code Ann. (1972)* requires that the Department of Finance and Administration (DFA) prepare and issue a comprehensive reference manual or manuals of policies and procedures for each state agency and department to use, which may include chapters on receipts, warrants and expenditures. DFA is also responsible for updating the manual(s) on a continuing basis.

**Condition** During testing for fiscal year 2016, we noted inconsistencies in the way differing state agencies accounted for interagency payables, receivables and transfers. We also noted that, due to these inconsistencies, the Department of Finance and Administration (DFA) were required to make reclassification and adjusting journal entries of approximately \$40 million in order to ensure material misstatement of the financial reports did not occur.

**Cause** Lack of governing policies regarding the recording of interagency payables, receivables and transfers. Additionally, lack of overriding controls in the statewide accounting system.

**Effect** The failure of the State to require consistency in the accounting treatment of payables, receivables and transfers could lead to material misstatement of the Comprehensive Annual Financial Report.

**Recommendation** We recommend the Mississippi Department of Finance and Administration implement overarching policies and procedures regarding interagency transfers, payables and receivables and communicate these policies to state agencies.

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**Views of Responsible Officials**

Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 174 of this audit report.

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**2016-012**

The State of Mississippi Should Require Chief Fiscal Officers of State Agencies to hold Minimum Accounting Qualifications and Attend Mandatory Training.

**Repeat Finding**

No

**Criteria**

*Section 7-7-3 Miss. Code Ann. (1972)* states that the State Fiscal Officer (as defined by *Section 21-104-6 Miss. Code Ann. (1972)* as the Executive Director of the Department of Finance and Administration) shall conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the statewide accounting system.

*Section 7-7-211 Miss. Code Ann. (1972)* authorizes the State Auditor to establish training course and programs for the personnel of the various state and local governmental entities. These courses shall include, but are not limited to, topics on internal control, purchasing and property, governmental accounting and financial reporting, and internal auditing.

*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there is a commitment to competence that demonstrates a commitment to retain competent employees. This principle of competency can be achieved through analysis of skills required for positions, training and development training.

**Condition**

During testing for fiscal year 2016, we noted, through inquiry and observation, that the overall expertise level of accounting staff in various state agencies was not consistent, and that job requirements often did not specify applicants hold any specific accounting or governmental knowledge. We also noted that, although the Department of Finance and Administration (DFA) held GAAP conversion and accounting training courses to aid state agencies in compiling financial information, it was not a mandatory requirement and often agency personnel did not attend. Likewise, qualification and skill requirements were not consistently applied to Chief Financial Officers throughout the various state agencies.

The lack of overall understanding and application of proper accounting standards required the centralized accounting function of the state, DFA, to prepare significant adjusting and reclassification entries in order to prevent material misstatement. While the majority of entries would not have materially misstated accounts individually, in the aggregate, without adjustment, the financials would have been materially misstated.

**Cause**

Lack of consistently applied agency qualifications for accounting personnel.

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**Effect** The failure of the State to hire and retain competent staff could result in material misstatement of the financial statements.

**Recommendation** We recommend the Mississippi Department of Finance and Administration implement mandatory training sessions for accounting personnel and Chief Fiscal Officers. Additionally, we recommend the State of MS implement minimum qualifications for Chief Financial Officers.

**Views of Responsible Officials** Management at the Department of Finance and Administration acknowledges this finding. See additional comments in the Corrective Action Plan on page 174 of this audit report.

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**2016-013** Controls over Vulnerability Management, Software Obsolescence and Security should be Strengthened

**Repeat Finding** No

**Criteria** *The Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when information and communication is reliable and accurate. An important aspect of accurate information and communication is that information technology ensures reliable communication and management.

**Condition** During our review of the Information Technology General Controls (ITGC) of the Department of Finance and Administration (DFA), we noted that outside information security assessments performed noted significant deficiencies in the obsolescence, security, and vulnerabilities of certain IT systems. Additionally we noted that Management was aware of the deficiencies and did not take timely corrective action to address these issues.

**Cause** Unknown

**Effect** Failure to properly correct or manage these vulnerabilities could result in the compromise of the confidentiality, integrity and reliability of data generated by DFA.

**Recommendation** We recommend the Department of Finance and Administration strengthen controls over software obsolescence, security and vulnerability management to ensure that areas of concern are noted and timely corrected.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 176 of this audit report.

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**SIGNIFICANT DEFICIENCIES**

<b>2016-014</b>	<u>Codes and Clients in the Mississippi Accountability System for Government Information and Collaboration have not been set to productive.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>The Internal Control - Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities such as IT infrastructure controls and appropriate. These controls should include manual and automated controls over how transactions are initiated, authorized, recorded, processed and reported.
<b>Condition</b>	During our review of the Information Technology General Controls (ITGC) of the Department of Finance and Administration (DFA), we noted that DFA's Mississippi Management and Reporting System (MMRS) division has not set the Mississippi Accountability System for Government Information and Collaboration (MAGIC) environment to productive.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to ensure that the productive indicator is activated could result in critical financial transaction data loss to the State.
<b>Recommendation</b>	We recommend the Department of Finance and Administration set the environment to productive without haste and review the system to ensure that the delay has not negatively impacted the statewide accounting system.
<b>Views of Responsible Officials</b>	Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 176 of this audit report.
<b>2016-015</b>	<u>Controls Should Be Strengthened Over the Security Audit Log of Mississippi's Accountability System for Government Information and Collaboration.</u>
<b>Repeat Finding</b>	Yes; 2015-027 Material Weakness Finding
<b>Criteria</b>	Mississippi's Accountability System for Government Information and Collaboration (MAGIC) serves as the centralized statewide accounting system. State agencies utilize MAGIC on a daily basis as the State's general ledger necessary to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.  Good internal controls dictate that all transactions and other significant events be clearly documented and readily available for examination. This audit trail, or security audit log, documentation should include evidence on how transactions



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are initiated, processed, recorded and summarized. Additionally, proper audit trail documentation also includes evidence of transactions that may have been voided, deleted, or changed after approval and initiation.

Inherent in the MAGIC system is a security audit log. This log records the following:

- Successful and unsuccessful dialog logon attempts
- Successful and unsuccessful transaction starts
- Successful and unsuccessful report starts
- Changes to user master records

**Condition** During testwork performed for the fiscal year 2016 audit, we noted the following exceptions:

- Security audit logging functionality was not enabled for the MAGIC system; thereby eliminating the ability to monitor transactional changes in the MAGIC system.
- There is no formal review process for changes to critical MAGIC tables.

**Cause** Unknown

**Effect** Failure to adequately log transactional changes and to periodically review logs for appropriateness could result in untimely modification of data, security configuration changes, or fictitious transactions.

**Recommendation** We recommend that the Department of Finance and Administration enable the exception security audit log functionality in Mississippi's Accountability System for Government Information and Collaboration system and strengthen controls over the periodic review of such logs.

**Views of Responsible Officials** Management at the Department of Finance and Administration acknowledges this finding. See additional comments in the Corrective Action Plan on page 177 of this audit report.

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**2016-016** Controls Should Be Strengthened Over the Vendor Master File and Issuance of Payments to One Time Vendors

**Repeat Finding** Yes; 2015-032 Significant Deficiency Finding

**Criteria** The Department of Finance and Administration (DFA) is responsible for final approval of certain types of warrants issued by the State of Mississippi. These warrants are initially approved at the Agency level and then routed to DFA for final approval. Before warrants can be approved for payment, vendor information must be entered into the State's accounting system – Mississippi's Accountability System for Government Information and Collaboration

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(MAGIC). Vendors are then assigned a unique numerical identifier so that payments can be documented and an audit trail can be reviewed.

Occasionally, warrants need to be issued on a singular basis to vendors. These “one time vendor” warrants are assigned a default vendor number and are not assigned a unique identifier. If, during the course of business, the same vendor requires additional warrants, agencies are required to request vendor information and enter the vendor into the MAGIC system, thereby assigning a unique identifier for future transactions.

In order to comply with The Code of Laws of the United States of America (26 U.S. Code Section 6041) regulations on the issuance of payments of \$600 or more, DFA has written policies to prohibit the use of the “one time vendor” distinction for any person or business issued a warrant for over \$600 for services rendered. DFA has classified certain expense general ledger accounts as “1099 vendor accounts” and will not approve warrants to any “one time vendor” when these general ledger accounts are expensed.

<b>Condition</b>	<p>During testwork performed for the fiscal year 2016 audit, we noted the following exceptions:</p> <ul style="list-style-type: none"><li>• 5,274 instances in which the vendors classified as one time vendors were paid multiple warrants from the same state agency; therefore, vendor information was not appropriately requested or entered in the vendor master file.</li><li>• Vendor master file data was not reviewed to ensure accuracy and completeness.</li></ul>
<b>Cause</b>	<p>DFA does not have adequate controls over the review of vendor master data.</p>
<b>Effect</b>	<p>Failure to periodically review vendor master data to ensure accurate and complete vendor information has been requested and entered can lead to an increased risk of creating fictitious, incorrect, or duplicate payments and a possible misstatement of financial position. Additionally, failure to review one time vendor payments could result in erroneous tax reporting.</p>
<b>Recommendation</b>	<p>We recommend that the Department of Finance and Administration strengthen policies over the use of the one-time vendor code and conduct a regular review of the vendor master file to ensure complete and accurate vendor information has been entered.</p>
<b>Views of Responsible Officials</b>	<p>Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 177 of this audit report.</p>

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<b>2016-017</b>	<u>Controls Should Be Strengthened Over Journal Entry Approvals and Updated Policies and Procedures should be produced.</u>
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**Repeat Finding** No

**Criteria** *The Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities such as providing adequate policies and procedures to personnel have been implemented. These controls should include accurate and updated controls over how transactions are initiated, authorized, recorded, processed and reported.

Good internal controls dictate that all transactions and other significant events be clearly documented and readily available for examination. This audit trail includes maintaining adequate support and proper evidence of approval of all journal entries entered into the statewide accounting system. Additionally, according to existing policies and procedures established in the Mississippi's Accountability System for Government Information and Collaboration (MAGIC) system require that all manual journal entries (Type YV) over \$1,000 must be reviewed and approved by the Department of Finance and Administration (DFA) before they can be successfully applied.

**Condition** During testwork performed for the fiscal year 2016 audit, we noted the following exceptions:

- Twelve journal entries approved by DFA in the MAGIC system had no supporting documentation and could not be verified for accuracy.
- Two journal entries approved by DFA in the MAGIC system did not have adequate supporting documentation and could not be verified for accuracy.
- Inadequate documentation of the approval process for journal vouchers was provided. Documentation had not been updated since the implementation of MAGIC and still referenced controls and policies in use in the outdated statewide accounting system.

**Cause** DFA did not adequately review journal entries before approving them in the MAGIC system.

**Effect** Failure to review journal entries; failure to obtain adequate documentation; and failure to update approved processes could lead to misappropriation of assets and material misstatements in financial statements.

**Recommendation** We recommend that the Department of Finance and Administration implement a post-audit review of all journal entries entered into the statewide accounting system to strengthen the controls in the approval process. Additionally, we recommend that policies and procedures be updated and distributed to all applicable employees.

**Views of Responsible**

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<b>Officials</b>	Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 178 of this audit report
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<b>2016-018</b>	<u>Reports regarding the Cash Reconciliations in the Accounting System should be Accurate and Timely.</u>
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<b>Repeat Finding</b>	Yes; 2015-028 Material Weakness Finding
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<b>Criteria</b>	<p>The Department of Finance and Administration (DFA) is required to maintain the State's general ledger necessary to support the preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles. Additionally, DFA should have policies and controls in place to ensure the State's cash balances maintained in the statewide accounting system, Mississippi's Accountability System for Government Information and Collaboration (MAGIC), reconciles to the Mississippi Office of the State Treasurer's (OST) cash balances to prevent and detect a material misstatement in the financial statements in a timely manner.</p> <p>Additionally, <i>The Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as cash reconciliations, are performed timely and accurately.</p>
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<b>Condition</b>	During testwork performed for the fiscal year 2016 audit, we noted that the Daily Average Cash Balance (DCAB) reports needed by the Office of the State Treasurer (OST) to reconcile bank records with OST financial records were not accurate and were not provided to OST by DFA timely.
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<b>Cause</b>	DFA is still in the process of designing the DCAB reports since the implementation of MAGIC.
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<b>Effect</b>	Failure to perform timely reconciliations can result in the possible risk of material misstatement of financial position and fraud.
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<b>Recommendation</b>	We recommend that the Department of Finance and Administration perform and provide accurate cash reports to the Office of the State Treasurer.
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<b>Views of Responsible Officials</b>	Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 181 of this audit report.
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**DEPARTMENT OF HEALTH**

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**MATERIAL WEAKNESS**

**2016-043**                      Management should strengthen policies, controls and oversight over proper cut-off of indirect cost recovery revenue.

**Repeat Finding**              No.

**Criteria**                      Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.

**Condition**                    MSDH's procedures to ensure all significant receivables related to indirect cost recovery and services provided through the clinics received after the lapse period are properly estimated and accrued into the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) need to be established.

**Cause**                        Although MSDH's internal control procedures in place throughout the year contained a process for the identification and recording of year-end liabilities for grant reimbursement requests paid during the lapse period, the process did not fully address indirect cost recovery amounts due to MSDH at year-end but submitted after the lapse period. This process does not include a review of the Department of Finance and Administration's (DFA) accruals to ensure all items requiring accrual are properly captured. Additionally, MSDH does not have an appropriate process to review, analyze and record an allowance for doubtful accounts related to services provided in the clinics.

**Effect**                        As a result, material prior year grant revenues were recorded as revenues in the current year in Fund 3330100000 for indirect cost recovery paid after the lapse period. Additionally, a material current year accrual was recorded as an audit adjustment related to services provided through the clinics.

**Recommendation**        MSDH has enhanced and improved controls during the year to establish acceptable cut-off of indirect cost recovery revenue. MSDH should continue to seek ways to strengthen policies, controls and oversight over this process to ensure the proper amount is accrued by DFA during the lapse period accrual process. For accounts receivable related to services provided in the clinics, we recommend management review, analyze and record an allowance for doubtful accounts on a monthly or quarterly basis. Management should compare actual results to recorded estimates.

**Views of Responsible Officials**        Management at the Department of Health concurs with this finding. See additional comments in the Corrective Action Plan on page 185 of this audit report

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**DEPARTMENT OF HUMAN SERVICES**

**MATERIAL WEAKNESS**

**2016-029**                      Controls Should Be Strengthened Over Account Reconciliations and Financial Reporting.

**Repeat Finding**              No.

**Criteria**                      The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual highlights essential types of control activities including, but not limited to:

- Authorization - provide reasonable assurance that all transactions are within the limits set by policy or that exceptions to policy have been granted by the appropriate officials
- Review and approval – encompass a variety of computer and manual controls that provide reasonable assurance that all accounting information has been correctly captured.
- Reconciliation – provide reasonable assurance of the accuracy of financial records through the periodic comparison of source documents to data recorded in agency accounting information systems.

The information system relevant to an agency's financial reporting objectives consists of the methods and records established to identify, assemble, analyze, classify, record, and report entity transactions and to maintain accountability for the related assets and liabilities. The quality of system generated financial information affects management's ability to make appropriate decisions in managing and controlling an agency's activities.

**Condition**                      Due to the implementation of a new statewide accounting system, Mississippi Accountability System for Government Information and Collaboration (MAGIC), in fiscal year 2015, policies and procedures for the preparation and submission of agency fund level GAAP packets were revised in order to complement the new statewide accounting system. Agency accounting personnel were tasked with completing close out GAAP packets using new reports, policies, and procedures. In order to mitigate problems faced statewide, extended deadlines and procedures were temporarily utilized during fiscal year 2015 in order to assist agencies with completing GAAP packets.

Our fiscal 2016 audit procedures resulted in audit adjustments to accounts payable, due to other governments and various transfers between agencies, some adjustments which were as a result of continuing reconciliation items related to the 2015 MAGIC implementation. Currently, accrual entries and entries involving transfers between funds and governments may sometimes be made by MDHS personnel and sometimes by personnel at the Department of Finance and Administration. Once entries are made there does not appear to be a viable review process in place to prevent and detect errors.

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Our audit also resulted in material adjusting entries to the fund statements to only include receivables that are measurable and available. Available means collectible within two months (the lapse period). However, for the statement of new assets, full accrual accounting is used and an allowance should be provided to reduce receivables to net realizable value. Currently, MDHS does not have a mechanism in place to reduce receivables to amounts collected within the lapse period. Further, there is inadequate documentation in place to support the expectation of ultimate net realizable value. Expenditures should be accrued when incurred, except notes payable are recognized when due and claims and similar obligations payable are recognized when expected to be liquidated. The audit also resulted in some liabilities being written off that were related to the receivables that were not considered collectible.

**Cause** The issues noted in this finding are primarily as a result of continuing refinement of processes associated with the implementation of a new statewide accounting system in the prior year. In addition, staff were either unaware or did not follow identified policies and procedures for completing account reconciliations and producing financial reports.

**Effect** Failure to implement a timely and effective reconciliation process could:

- Increase the risk of fraud, waste, and mismanagement of funds.
- Affect MDHS' ability to effectively monitor budget execution.
- Affect MDHS' ability to accurately measure the full cost of its programs.
- Result in erroneous financial statements.

**Recommendation** We recommend that MDHS enhance its reconciliation and closing journal entry review and approval process to fully document fiscal year ending balances, including all closing entries made by the Department of Finance and Administration. In addition, we recommend MDHS develop a process to identify and segregate balances which will not be settled in the lapse period which will aid in the preparation of year-end financial information and identify older reconciling items and take appropriate action to clear these items.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 185 of this audit report.



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**DEPARTMENT OF REVENUE**

**MATERIAL WEAKNESS**

<b>2016-005</b>	<u>Controls Should Be Strengthened over Adjustments to Taxpayer Accounts</u>
<b>Repeat Finding</b>	Yes, 2015-016
<b>Criteria</b>	Good internal controls require a supervisory approval of significant and unusual adjustments made to taxpayer trial balances. The approval should be performed in a timely manner and adequately documented to identify the date of the approval.
<b>Condition</b>	The Mississippi Automated Revenue System (MARS) has security function levels that allow the capacity to perform certain types of activity within the system. Of the 602 users with access to MARS, 492 users with security function level 2702, or 82 percent, have the capability to change, transfer and reverse returns in the MARS system without another user interacting with the transaction. This function relates to manually clearing computer edit exceptions during the submission of tax returns in order to initially post the returns in the system, which is a fundamental job responsibility of many DOR employees who work return exceptions from work list queues tailored specifically for the employee. However, the function also allows return changes to be entered after the initial posting of a return, which results in a new system version of a return being created and posted to taxpayer account trial balances, without requiring any approval from another MARS user. The agency created a computer change request during fiscal year 2015 in response to this similar prior year finding in order for electronic MARS notifications to be sent to supervisors/managers when return change transactions greater than \$5,000 are made after the original return posting (i.e., amendments). However, per review of the computer change request and discussion with agency personnel, this change was not implemented during fiscal year 2016.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to require a supervisory review and approval of significant and unusual adjustments to taxpayer account balances could result in errors or fraud occurring and not being timely detected, which could result in misstatements to the agency's financial statements.
<b>Recommendation</b>	We recommend the Mississippi Department of Revenue strengthen controls over adjustments to taxpayer accounts by ensuring significant and unusual adjustments in the Mississippi Automated Revenue System are approved by appropriate management personnel. The approval should be documented for internal monitoring and audit purposes.

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**Views of Responsible  
Officials**

Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 205 of this audit report.

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**SIGNIFICANT DEFICIENCIES**

**2016-006**                      GAAP Packet Supporting Schedules Should Be Completed in a Timely and Accurate Manner

**Repeat Finding**              Yes, 2015-018

**Criteria**                      Section 27.104.4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for post auditing. The law further requires the CAFR be published within six months after the June 30<sup>th</sup> close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end in order to be awarded a Certificate of Achievement for Excellence in Financial Reporting. It should be noted that the Department of Finance and Administration obtained an extension for the CAFR from GFOA this year due to the implementation of the Mississippi Accountability System for Government Information and Collaboration (MAGIC), the accounting system used by the State, in fiscal year 2015.

**Condition**                      The Mississippi Department of Revenue (DOR) prepares a schedule of *Un-transferred Tax Collections and Receivables* as of fiscal year end and provides the schedule annually to the Office of the State Treasurer (OST) in order for OST to compile the GAAP Packet for the Treasury Clearing Fund 3917100000 (9171). DOR did not perform a timely preparation of this schedule; and therefore, OST did not timely prepare the 9171 GAAP Packet. The final version of the schedule was submitted to OST on October 27, 2016 and the 9171 GAAP Packet was submitted by OST to the Department of Finance and Administration (DFA) on November 15, 2016. GAAP reporting packets were due to DFA by September 9, 2016 with OST receiving an extension to submit the 9171 GAAP packet by October 17, 2016.

In addition, based on testwork performed over the 9171 GAAP Packet, the following adjustments were made by auditor:

- 'Accounts Payable' was reclassified to 'Income Tax Refunds Payable' in the amount of \$46,632,657 to account for the income tax refund reserve balance at fiscal year-end. Income tax refunds payable is discreetly presented as a liability on the governmental funds balance sheet in the CAFR.

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**PART 2 – Financial Statement Findings (concluded)**

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- ‘Unearned revenue’ was reclassified to a ‘Due to Other Funds’ liability account for \$5,570,000 in order to match the similar ‘Due from Other Funds’ accrued by the Department of Wildlife, Fisheries & Parks for petroleum taxes transferred by DOR in July annually.
- ‘Other Taxes Receivable’ and ‘Gaming Fees’ were increased by \$1,544,470 to correct the amounts queried by the Mississippi Automated Revenue System for gaming collections received after fiscal year end for filing periods lapsing prior to fiscal year end.

**Cause** Unknown

**Effect** The failure of agency personnel to submit required accounting schedules to the OST in a timely manner prevents the timely submission of the 3917100000 GAAP packet to DFA and hinders the efficiency of the audit. These delays contributed in the CAFR not being published in accordance with state law and could result in the State of Mississippi not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA’s certificate increases the likelihood that credit agencies or other stakeholders may consider the state’s financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to various users of the CAFR. In addition, the Single Audit Act requires the State issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor’s report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in federal discretionary drawdowns being suspended.

Additionally, failure to properly classify payables in fiscal year 2016 resulted in a material misstatement that was corrected by audit via adjusting entries.

**Recommendation** We recommend the Mississippi Department of Revenue implement procedures to ensure the timely and accurate completion and submission of GAAP packet supporting schedules related to treasury fund 3917100000 to the Office of the State Treasurer in order to help ensure the CAFR and Single Audit Report are both published in accordance with state and federal law.

Furthermore, we recommend the Mississippi Department of Revenue thoroughly review payable transactions to ensure proper classification.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 205 of this audit report.

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**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (concluded)**

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<b>2016-007</b>	<u>Controls Should Be Strengthened over the Reconciliation of Alcohol Beverage Control Taxes</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	The Miss. Code Ann. (1972) dictates distribution of state tax collections. Good internal controls dictates an automated system should be reconciled to ensure files created by the system agree with agency records and the state general ledger system.
<b>Condition</b>	<p>Alcohol Beverage Control (ABC) taxes were converted into the Mississippi Automated Revenue System (MARS) in October of 2015 during fiscal year 2016. MARS replaced the former method of diverting tax collections to a computer automated process. Through observations and discussions with management, it appears that MARS has been tested by the Department of Revenue (DOR) and the MARS developer to ensure the system is properly programmed to automate tax diversions based on specific tax laws as included in the Miss. Code Ann. (1972).</p> <p>Since the implementation of ABC taxes into MARS, DOR has not performed a routine reconciliation between diversions files created by MARS to DOR's transfer records and balances recorded in the Mississippi Accountability System for Government Information and Collaboration (MAGIC).</p> <p>Based on testwork performed, we noted liquor tax revenue had an ending debit balance of \$3,025,624 in the ABC Revolving Fund 3389500000. Unless specific instances dictate otherwise, accounting principles dictate that revenue accounts should not have debit balances. The amount was corrected by audit via an adjusting entry to remove the debit balance to liquor tax revenue.</p>
<b>Cause</b>	The agency does not currently have a reconciliation process between agency records, MARS, and MAGIC balances.
<b>Effect</b>	Failure to reconcile files created by the Mississippi Automated Revenue System to agency records and the Mississippi Accountability System for Government Information and Collaboration could result in misstatements to the State's financial statements. Failure to properly reconcile revenue in fiscal year 2016 resulted in a misstatement that was corrected by audit via an adjusting entry.
<b>Recommendation</b>	We recommend the Mississippi Department of Revenue strengthen controls over the diversion of Alcohol Beverage Control tax collections. Reconciliations should be routinely performed over diversion files created by the Mississippi Automated Revenue System and agency's transfer records for taxes and balances recorded in the Mississippi Accountability System for Government Information and Collaboration.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)**

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**Views of Responsible  
Officials**

Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 206 of this audit report.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)

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**DIVISION OF MEDICAID**

**MATERIAL WEAKNESS**

**2016-001**                      Controls Should Be Strengthened to Ensure Accurate and Timely Reconciliations are Performed between Accounting Reports and the Underlying Supporting Documentation.

**Repeat Finding**              No

**Criteria**                      Per the *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), satisfactory control environments are effective only when control activities, such as reconciliations, are performed timely and accurately.

**Condition**                      During testwork performed for Mississippi Division of Medicaid (DOM)'s Funds 5332800000 and 5332100000 Schedule of Expenditures and Federal Awards (Form 27.30.60) for fiscal year 2016, we noted the following:

- DOM's accounting records in the statewide accounting system, The Mississippi Accountability System for Government Information and Collaboration (MAGIC), did not agree to the Schedule of Expenditures and Federal Awards (SEFA) and timely reconciliations had not been performed. Reconciliations prepared by auditors and DOM's management required material audit adjustments to be made.
- Underlying support for audit adjustments was not readily available.

**Cause**                              With the implementation of MAGIC in fiscal year 2015, DOM was required to segregate the State and Federal monies and expenditures into two distinct funds. In order to expedite financial transactions, DOM estimated the percentage division between those two funds, and neglected to true- up or reconcile the correct amounts per fund for fiscal year 2016. This resulted in inaccurate financial records and disagreement with DOM's SEFA.

**Effect**                              Failure to maintain accurate accounting records in MAGIC could result in a material misstatement in the State's Comprehensive Annual Financial Report.

**Recommendation**              We recommend the Mississippi Division of Medicaid strengthen controls over reconciliations of underlying accounting records to ensure MAGIC reconciles to the Schedule of Expenditures and Federal Awards.

**Views of Responsible Officials**              Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 207 of this audit report.

STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)

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SIGNIFICANT DEFICIENCY  
IMMATERIAL NONCOMPLIANCE

**2016-002**                      Controls Should Be Strengthened to Ensure Compliance with Laws and Regulations Regarding the Timely Preparation of Agency Financial Reports.

**Repeating Finding**        No

**Criteria**                      *Section 27-104-4, Miss. Code Ann. (1972)* requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for postauditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end.

**Condition**                      During our review of financial reporting at the Mississippi Division of Medicaid (DOM), we noted agency personnel did not prepare or submit their financial reports (i.e. GAAP packet) for funds 5332800000 and 5332100000, which includes a Schedule of Expenditures of Federal Awards (SEFA), in a timely manner. The deadline for turning in GAAP packets established by the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) was September 9, 2016. However, the DOM GAAP packet was not submitted until October 7, 2016.

**Cause**                              The agency experienced several difficulties in preparing GAAP packets including, but not limited to, interagency transfers and the utilization of the state wide accounting software, MAGIC, to gather the information.

**Effect**                              The failure of agency personnel to prepare their GAAP packet for treasury funds 5332800000 and 5332100000 in a timely manner contributed to the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

In addition, the Single Audit Act requires the State issue the Single Audit Report within nine months of the fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the SEFA are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in federal discretionary drawdowns being suspended.



STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)

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**Recommendation** We recommend the Mississippi Division of Medicaid implement procedures to ensure the timely completion of their GAAP packet in order to help ensure the CAFR is published in accordance with state law and that the audit of the State of Mississippi's financial statements is performed in an efficient manner.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 208 of this audit report.

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**SIGNIFICANT DEFICIENCY**

**2016-003** Controls Should Be Strengthened to Ensure Accrual Entries are Accurate and Accounts and Claims Payable are Properly Recorded

**Repeat Finding** No

**Criteria** Generally Accepted Accounting Principles (GAAP) require expenditures to be recognized in the period incurred, regardless of when the transfer of cash occurs. Agencies are able to properly account for such expenditures in the correct account period through accrual entries at the end of the fiscal year.

**Condition** During our review of the accounts payable, we noted that \$33,386,721 was over accrued by the Mississippi Division of Medicaid (DOM). The agency estimates and accrues its claims payables at year end and subsequent, actual payment amounts are not accrued. We noted two instances totaling \$33,386,721 in which July claims payments were erroneously recorded in accounts payable at 6/30/16.

**Cause** The July payments mentioned above were coded in MAGIC to budget year 2016 and therefore were included in the "high level" accrual for all items relating to 2016. However, since the claims payable is separately estimated and accrued, these payments should not have been included.

**Effect** Failure to correctly identify the amount of transactions to be accrued at fiscal yearend could result in a material misstatement of the State of Mississippi's Comprehensive Annual Financial Report.

**Recommendation** We recommend the Mississippi Division of Medicaid strengthen controls to ensure a thorough review of accrual entries is performed in order to ensure claims and accounts payable are properly recorded.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 209 of this audit report.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 2 – Financial Statement Findings (concluded)

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**OFFICE OF THE STATE TREASURER**

**MATERIAL WEAKNESS**

**2016-004**                      Revenue Should be Recognized in the Period it is Realized or Realizable and Appropriate Accrual Entries Should be Made During GAAP Conversion

**Repeat Finding**              No

**Criteria**                      Section 27.104.4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer.

Section 27.103.302, Miss. Code Ann. (1972) requires all settlement funds received in connection with the Deepwater Horizon oil spill to be deposited into the Budget Contingency Fund.

Generally Accepted Accounting Principles (GAAP) requires revenue to be recognized in the accounting period it is realized or realizable and should be considered “deferred revenue” until such time that it is considered earned.

**Condition**                      The State of Mississippi was awarded a settlement agreement against British Petroleum (BP) for economic damages from the Deepwater Horizon oil spill that occurred in 2010. The settlement agreement was signed by the judiciary and effective as of April 4, 2016. The total amount awarded to the State of MS amounted to \$750,000,000, of which \$150,000,000 was to be paid within 90 days. Per Section 27.103.302, Miss. Code Ann. (1972), revenue paid from this settlement is to be deposited in the Budget Contingency Fund which is the responsibility of the Office of the State Treasurer (OST).

Proper GAAP treatment of the settlement would require immediate recognition of the initial \$150,000,000 payment to be recognized as revenue and as a receivable as of the date of the Master Settlement Agreement (April 4, 2016) with the remaining \$600,000,000 to be recognized as Deferred Revenue in fiscal year 2016. Audit review of Settlement Litigation and Claims and GAAP packet review of the Budget Contingency Fund found that the initial payment was recognized as revenue in fiscal year 2017 when it was received and was not properly accrued. Additionally, the remaining settlement revenue was not properly deferred in fiscal year 2016. Failure to recognize this revenue in fiscal year 2016 resulted in a material misstatement that was corrected by auditor via adjusting entries.

**Cause**                              Unknown

**Effect**                              Failure to properly accrue revenue in the correct accounting period according to GAAP standards resulted in material misstatement that required adjustment.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 2 – Financial Statement Findings (concluded)**

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**Recommendation**      We recommend the Office of the State Treasurer strengthen procedures regarding settlement revenue and revenue recognition.

**Views of Responsible Officials**      Management at the Office of the State Treasurer does not concur with this finding. See additional comments in the Corrective Action Plan on page 219 of this audit report, and Response of the Auditor on page 223.

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**Schedule of Findings and Questioned Costs**  
**Part 3 – Federal Award Findings and Questioned**  
**Costs**



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## STATE OF MISSISSIPPI

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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#### PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

##### Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200, Section 5.16*

Findings are grouped by federal funding agency and then organized by state agency. Findings within the state agency are listed in order by type of compliance requirement as listed in Appendix XI to the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*.

Each finding has one of the following designations:

- § **Material Weakness** – A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.
- § **Significant Deficiency** – A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
- § **Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor's judgment have a direct and material effect on a major federal program.
- § **Immaterial Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

**Finding Number**   **Finding and Recommendation**

**DEPARTMENT OF HEALTH**

**ALLOWABLE COSTS AND ACTIVITIES**

*Material Weakness*

<b>2016-044</b>	<u>Controls Over the Review of Estimated Utilization of Compensatory Time Should Be Strengthened.</u>
<b>CFDA Number</b>	10.577 – Special Supplemental Nutrition Program for Women, Infants, and Children (SNAP) 93.074 – Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements (HPP/PHEP)
<b>Federal Award</b>	5MS700704 (2015) 5U90TP000530-03 (2015) 3U90TP000530-03S1 (2015)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	N/A
<b>Repeat Finding</b>	Yes; 2015-025
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Criteria</b>	Title 2 U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) requires that salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort. Additionally, the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services' Provider Reimbursement manual requirements for conducting time studies requires the time study to encompass at least one full week per month of the cost reporting period, each week selected must be a full workweek, the weeks selected must be equally distributed among the months in the cost reporting period, and no two consecutive months may use the same week for the study.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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**Condition**

Our review of the time study process identified a lack of adherence to agency policies over time study procedures. Current year time study procedures did not comply with all of the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services' Provider Reimbursement manual requirements for conducting time studies, as the data collection weeks were not equally distributed throughout the year. We noted three instances where two consecutive months use the same week for the study in the cost reporting period.

During our testing, we also noted the Mississippi State Department of Health (MSDH or the Agency) has not modified the relative value stable to address findings/inconsistencies noted in prior years' audits. The table used in prior years was carried forward to 2016, with the exception that service code 15 was removed. The following are deficiencies communicated to MSDH management in the prior year when the relative values table was originally audited and remain uncorrected in the current year:

- Two instances in which the service codes (83B and 85A) could not be traced to the standard time report, and the relative value table did not agree to auditor calculation of an average of the previous few years' relative value tables.
- One instance in which service code 82A did not agree to the standard time report. A clerical error was noted on the standard time report in which it should have been listed as 82A and not 83A.
- One instance in which service code 29 did not appear on the standard time value table in which time was recorded for nurses, nurse practitioners and doctors on the relative value table.
- One instance in which a program code listed on the standard time value table for service code 99B did not agree to the program code on the relative value table. On the relative value table, it was listed as GA, whereas on the standard time value table, it is listed as OT.
- There was no supervisory review of the relative value table for the last several years.

Additionally, out of 33 time study forms requested for review, two were not provided due to the time study form not being returned by the employee for the time month requested.

**Cause**

MSDH does not have the proper internal controls to ensure the data obtained and maintained is complete and accurate for time study forms and relative value tables. Additionally, there are no proper internal controls to ensure time study weeks are not duplicated in consecutive months.

MSDH did not update the relative value tables in response to the prior year finding, did not use full weeks in their calculation of weeks for the time study reporting period, and did not obtain all time study forms from all employees required to submit a form.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Effect</b>	Failure to modify inaccurate relative values data and adhere to agency policies for time study procedures could result in the misallocation of federal funds and questioned costs. The Agency may then be subject to repaying a portion of the grants, be levied fines and penalties, and potentially lose future grant awards.
<b>Recommendation</b>	We recommend MSDH strengthen internal controls to ensure sufficient application, monitoring and oversight of time study policies and procedures.
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Health concurs with this finding. See additional comments in the Corrective Action Plan on page 183 of this audit report.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs (continued)

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**DEPARTMENT OF HUMAN SERVICES**

**REPORTING**

*Significant Deficiency*

*Immaterial Noncompliance*

<b>2016-026</b>	<u>Controls Should Be Strengthened Over the Submission of Required Federal Reports</u>
<b>CFDA Number</b>	10.551 – Supplemental Nutrition Assistance Program (SNAP) 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
<b>Federal Award</b>	12-35-2841 2014IS750345 2015IQ390345 2016IQ390345
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	Yes; 2015-004
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Criteria</b>	The <i>Code of Federal Regulations</i> (45 CFR Part 75.341) grants the Health and Human Services awarding agency authority to require financial reporting for effective monitoring of Federal awards. The Federal Financial Report (FFR) is required to be completed and submitted in accordance with instructions provided by the Administration for Children and Families, and must be submitted quarterly, semiannually or annually, based on instructions from the ACF and awarding agency. Those instructions require States to submit quarterly and semi-annual reports no later than 30 days after the end of each reporting period and annual reports no later than 90 days after the end of each reporting period or grant end date.
<b>Condition</b>	During testwork performed for reporting requirements of the Supplemental Nutrition Assistance Program (SNAP) programs during fiscal year 2016, we noted one of six quarterly SNAP FFR-425 reports selected for testing for FY16 reports was submitted within 30 days after the end of the reporting period; however, the September 30, 2015 report was not certified by a Mississippi Department of Human Services (MDHS) official until November 2, 2015.
<b>Cause</b>	Staff were either unaware or did not follow identified policies and procedures for reporting requirements.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Effect</b>	Good internal controls over reporting should include a timely and independent review of information reported. Failure to timely review and submit reports could result in reporting penalties and could impact funding determinations.
<b>Recommendation</b>	We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission.
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 196 of this audit report.

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**SUBRECIPIENT MONITORING**

*Material Weakness*  
*Material Noncompliance*

<b>2016-027</b>	<u>Controls Should Be Strengthened Over On-Site Monitoring.</u>
<b>CFDA Number</b>	10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
<b>Federal Award</b>	12-35-2841-B16 (2016) 12-35-2841-B15 (2015) 12-35-2841-B14 (2014) 2014IS750345 (2014) 2015IQ390345 (2015) 2016IQ390345 (2016)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	Yes; 2015-005
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Criteria</b>	The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the Code of Federal Regulations (45 CFR Part 92). The Code of Federal Regulations (45 CFR Part 92.40) designates MDHS for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and to ensure performance goals are being achieved. Grantee monitoring must cover each program, function or activity. We evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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and procedures designed by MDHS's Division of Program Integrity - Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.

<b>Condition</b>	<p>During testwork performed on subrecipient on-site monitoring for 25 subgrant contracts during state fiscal year 2016, we noted the following weaknesses:</p> <ul style="list-style-type: none"><li>• One contract tested, or 4 percent, was not monitored within the contract period as required by Program Integrity's Division of Monitoring procedures.</li><li>• Five contracts, or 20 percent, were noted where Corrective Actions were not received from the subrecipient within 15 working days from the date the Initial Monitoring Report (IMR) was issued.</li><li>• Fourteen contracts, or 56 percent were noted in which the Initial Monitoring Report was not issued within 60 days of the exit conference.</li><li>• Six contracts, or 24 percent, in which Questioned Costs had not been completely resolved as of the date of testwork.</li><li>• Six contracts, or 24 percent, in which at least one required element of the monitoring process was not performed or documented such as completion of the monitoring supervisor review checklist, fiscal monitoring tool, the program tool, test of scope of services, or test of cash draws.</li><li>• During our verification of the completeness of the sample population of 104, we noted six contracts that were listed on the GM18 report that had expenditures in FY2016 that were not included on the SFY2016 Subgrant Monitoring Tracking document.</li></ul>
<b>Cause</b>	<p>Staff were either unaware or did not follow identified policies and procedures for reporting requirements.</p>
<b>Effect</b>	<p>MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with Federal regulations to occur and go undetected, potentially resulting in questioned costs.</p>
<b>Recommendation</b>	<p>We recommend the Mississippi Department of Human Services' Division of Program Integrity - Office of Monitoring (OM) strengthen its existing internal controls over on-site monitoring to ensure all active subgrantee contracts are timely monitored during-the-award in accordance with OM policies and</p>

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

procedures. We also recommend that the agency ensure that the Report of Findings & Recommendations prepared as a result of the onsite monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.

**Views of Responsible Officials**

Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 198 of this audit report.

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**SUBRECIPIENT MONITORING**

*Material Weakness*

*Material Noncompliance*

**2016-028**                      Controls Should Be Strengthened Over Subrecipient Monitoring Related to Uniform Guidance.

**CFDA Number**              10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)

**Federal Award**              12-35-2841-B16 (2016)  
    12-35-2841-B15 (2015)  
    12-35-2841-B14 (2014)  
    2014IS750345 (2014)  
    2015IQ390345 (2015)  
    2016IQ390345 (2016)

**Pass-through**                N/A

**Questioned Costs**           None

**Repeat Finding**              Yes; 2015-009

**Statistically Valid**           Sample is considered statistically valid.

**Criteria**                        Title 2, U.S. Code of Federal Regulations, Part 200 – Uniform Administrative Requirements for Federal Awards (Uniform Guidance) states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 or more in Federal awards during their fiscal year have met the audit requirements of the Uniform Guidance and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass through entity shall take appropriate action using sanctions.



**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Condition</b>	<p>During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity- Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees. During our review of 25 subgrantees, we noted the following:</p> <ul style="list-style-type: none"><li>• Seven instances in which the Uniform Guidance audits or Subgrantee Audit Information Forms (SAIF) for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee's fiscal year end.</li><li>• Two instances of questioned costs related to grant programs funded by MDHS were identified by the subrecipient's Independent Public Accounting firm; however there was no documented response by MDHS to investigate the finding.</li></ul>
<b>Cause</b>	<p>Staff were either unaware or did not follow identified policies and procedures for reporting requirements.</p>
<b>Effect</b>	<p>Failure to properly monitor subrecipients could allow noncompliance with Federal regulations to occur and go undetected, potentially resulting in questioned costs.</p>
<b>Recommendation</b>	<p>We recommend the Mississippi Department of Human Services' Division of Program Integrity - Office of Monitoring (OM) strengthen controls over subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an Uniform Guidance audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions to ensure corrective action was taken when a subgrantee's audit report contains findings. We further recommend that OM should ensure all subrecipients are included on the tracking report and continue to follow-up to obtain a Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.</p>
<b>Views of Responsible Officials</b>	<p>Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 202 of this audit report.</p>

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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

**Finding Number**    **Finding and Recommendation**

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**DEPARTMENT OF EDUCATION**

**ALLOWABLE COSTS AND ACTIVITIES**

*Material Weakness*

*Material Noncompliance*

**2016-038**                      Controls Over Posting Federal Program Costs to the General Ledger Should be Strengthened.

**CFDA Number**              84.010 – Title 1 Grants to Local Educational Agencies (Title 1)

**Federal Award**              ES010A150024 (2015)

**Pass-through**                N/A

**Questioned Costs**            Approximately \$7,600,000

**Repeat Finding**                No

**Statistically Valid**            N/A

**Criteria**                      Control: 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (the Uniform Guidance) requires non-Federal entities to establish and maintain effective internal controls over Federal awards so that they provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards per 2 CFR section 200.303(a).

Compliance: 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* requires allowable costs to be necessary and reasonable for the performance of the Federal award and conform to any limitations or exclusions set forth in the cost principles or in the Federal award as to types or amount of cost items.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Condition</b>	<p>The former Director of Fiscal Management in the Office of Federal Programs (OFP) instructed the school payment supervisor in the Office of Accounting to override procedures and record 21<sup>st</sup> Century Community Learning Center (21<sup>st</sup> Century program) expenditures to the Title I, Part A funds (Title I).</p> <p>As required by Mississippi Department of Education’s (MDE) procedures, the Office of Accounting notified the former Director of Fiscal Management that the 21<sup>st</sup> Century grant didn’t have available funds to process subrecipients’ reimbursement requests. The former Director of Fiscal Management sent an email to the Office of Accounting and instructed the staff to charge the expenditures to the Title I program, which were subsequently drawn from the U.S. Department of Education (USDE) as Title I program costs. The Director of the Office of Accounting and the former Executive Director of the OFP received the email from the former Director of Fiscal Management instructing the Office of Accounting staff to charge the costs to Title I. The Chief Operations Officer was not notified of the 21<sup>st</sup> Century shortage of available funds or the decision to charge the Title I program for 21<sup>st</sup> Century expenditures. As a result of the misused funds, MDE terminated the OFP Director of Fiscal Management, the Executive Director of the Office of Federal Programs, and the 21<sup>st</sup> Century Program Coordinator.</p> <p>MDE charged 21<sup>st</sup> Century program expenditures to the Title I program for three months beginning April 2016 to June 2016. MDE contacted USDE immediately upon identification that the unallowed process had occurred, and is currently in communication with the grantor regarding resolution and any other grantor requirements in response to the misused funds. MDE drew approximately, \$7.6 million from USDE for the unallowed Title I costs, which will be repaid using MDE’s general fund.</p>
<b>Cause</b>	<p>The former Director of Fiscal Management in OFP overrode MDE’s accounting procedures in order to cover a shortfall of available funds for the 21<sup>st</sup> Century program. MDE’s procedures and internal controls were inadequate to prevent and/or detect the override; as timely reconciliation of 21<sup>st</sup> Century and Title I’s expenditures, cash receipts and available funding may have disclosed the override in a timely manner.</p>
<b>Effect</b>	<p>As a result, MDE misused approximately, \$3.9 million of Title I program funds in July 2016 (subsequent fiscal year). The funds were repaid during FY 17 by transferring 21<sup>st</sup> Century funds to the Title I program.</p> <p>MDE charged unallowed program expenditures to the Title I and incorrectly drew the funds from USDE. Current procedures did not prevent or detect the misuse of federal funds in a timely manner. MDE is required to reimburse the Title I program using MDE’s general funds</p>

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Recommendation</b>	<p>MDE should review and enhance current procedures to avoid a reoccurrence. The procedural updates should (at a minimum) provide a protocol for the Office of Accounting in regards to making changes to approved payment requests (MAGIC internal order, payee, dollar amount, etc.). If a change is requested, the Office of Accounting should not process the request until a change has been approved by the designated parties. The Department should make the proper changes, obtain approvals and resubmit to the Office of Accounting. If the Office of Accounting is unable to process the request due to unavailable program funds, the resubmitted request should be (at a minimum) reviewed and approved by the Director of the Office of Accounting, the Chief Operations Officer, the Program Chief and the applicable program Executive Director.</p> <p>MDE should require federally supported programs to reconcile expenditures, cash receipt and available funds on a monthly basis (no later than quarterly) to identify errors and potential financial concerns in a timely manner. Evidence of the review and conclusions reached should be documented and readily available.</p>
<b>Views of Responsible Officials</b>	<p>Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 165 of this audit report.</p>

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**REPORTING**

*Significant Deficiency*

<b>2016-041</b>	<u>Controls Over Reporting Should Be Strengthened to Ensure that Supporting Documentation is Maintained in Accordance with Federal and State Retention Policies.</u>
<b>CFDA Number</b>	84.048 – Career and Technical Education – Basic Grants to States
<b>Federal Award</b>	EV048A140024 (2014) EV048A150024 (2015)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	No
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Criteria</b>	Control: Per 2 CFR section 200.303 - Internal Controls must be established and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

**Condition**

The financial data for the interim FSR did not agree to supporting documentation. We selected 2 FSRs for testing and agreed the financial data to Mississippi’s Accountability System for Governmental Accountability and Collaboration (MAGIC). The following differences were noted for one of the reports tested:

<u>Expenditure Category</u>	<u>Interim FSR</u>	<u>Supporting Documentation</u>	<u>Variance</u>
Administration	\$473,624	\$422,651	\$50,973
Post-Secondary	\$5,268,778	\$4,642,479	\$626,299
Secondary	\$5,771,807	\$5,550,771	\$221,036
Non Traditional	\$60,000	\$72,133	(\$12,133)
Leadership	\$1,126,600	\$286,077	\$840,523

**Cause**

The Mississippi Department of Education’s (MDE) building was subject to heavy smoke and water damage due to a fire at an adjoining building. As a result, the Office of Career and Technical Education (the Office) lost program and financial documents that were maintained in the building. The Office attempted to recreate the financial data but due to the implementation of a new state-wide financial system, some grant activity was not recorded to a specific grant and was identified as NRGRANT.

**Effect**

The Office is unable to support the financial data reported on the interim FSR.

**Recommendation**

We recommend the Office inquire about electronic storage methods to prevent loss of documentation in the future.

**Views of Responsible Officials**

Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 168 of this audit report.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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**SUBRECIPIENT MONITORING**

*Scope Limitation – Material Weakness*

*Material Weakness*

<b>2016-042</b>	<u>Controls Over Monitoring Should Be Strengthened to Ensure that Supporting Documentation is Maintained in Accordance with Federal and State Retention Policies.</u>
<b>CFDA Number</b>	84.287 – 21 <sup>st</sup> Century Community Learning Centers
<b>Federal Award</b>	ES287C130024 (2013) ES287C140024 (2014)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	Undetermined, based on the lack of documentation we can't determine questioned costs.
<b>Repeat Finding</b>	No
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Criteria</b>	<p>Control: Per 2 CFR section 200.303 - Internal controls must be established and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.</p> <p>Compliance: Per 2 CFR section 200.331 – Requirements for Pass Through Entities, the pass through entity (PTE) requires the PTE to:</p> <ul style="list-style-type: none"> <li>• Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.</li> <li>• Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.</li> </ul>

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

Compliance: Per 2 CFR section 200.331, Retention requirements for records - Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities.

**Condition**

During our testing of 17 subrecipients, we noted that documentation supporting subrecipient sub assessment, award and monitoring activities were either not provided or incomplete. The Office procedures require each subrecipient to prepare a proposal in response to the RFP. The proposals are evaluated/scored/approved and sub awards are issued to the subrecipients. The proposal is part of the grant award as it contains program objectives, requirements, subrecipient suspension and debarment attestation, and program budget (including matching requirements). Based our audit the following was noted:

- Subrecipient Proposal- The 21st century community learning center FY 16 proposal package (includes federal program CFRs, program requirements/objectives budget (matching requirements) needs assessment, attestation to suspension and debarment), participation letter, conflict of interest was not provided for the following 3 subrecipients:
  - Boys & Girls Clubs of Central MS-Sykes Unit,
  - Mississippi Community Education Center, and
  - Back to Basics.
- Subrecipient Assessment- 21st Century Community Learning continuation application review sheet for FY 2016 was either not provided or signed for the following 16 subrecipients:



**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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Not Provided:

- Jackson Public School District,
- Boys & Girls Clubs of Central MS-Sykes Unit,
- Boys & Girls Community Learning Center,
- Mississippi Community Education Center,
- Back to Basics,
- Montgomery MDE School District,
- Southern Dropout Prevention Alliance,
- Baldwin School District,
- Leadership Next-Generation Plus, Inc.,
- Perry MDE School District,
- Real Faith Christian Church.

Not signed (incomplete):

- Chickasaw MDE School District,
  - Scientific Research (SR1)-Canton (not signed),
  - Scientific Research (SR1) Ridgeland (not signed), Scientific Research (SR1) Forest (not signed),
  - Walthall MDE Schools, and
  - Winona School District (not signed).
- Subrecipient Subward – DUNS was not provided or identified on the sub award for all 17 subrecipients. The sub award was not provided for FY 2016 for the following 6 subrecipients:
    - Mississippi Community Education Center- last issued 2013,
    - Scientific Research (SR1)-Canton – last issued 2014,
    - Scientific Research (SR1) Ridgeland – last issued 2014,
    - Scientific Research (SR1) Forest – last issued 2014,
    - Winona School District – last issued 2014, and
    - Back to Basics – last issued 2014.
- Subrecipient Monitoring- Documentation of subrecipient monitoring consisted of a “yes/no” checklist; identification of documentation reviewed as part of the monitoring process was identified. The monitoring checklist was not provided for the following 4 subrecipients:
    - Chickasaw MDE School District,
    - Boys & Girls Clubs of Central MS-Sykes Unit,
    - Boys & Girls Community Learning Center, and
    - Back to Basics.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs (continued)**

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	Due to the lack of monitoring documentation, we could not determine if the subrecipients listed above were monitored in accordance with the Office's procedures.
<b>Cause</b>	<p>The Mississippi Department of Education's (MDE) building was subject to heavy smoke and water damage due to a fire at an adjoining building which contributed to the destruction of subrecipient proposals and MDE's sub recipient assessment.</p> <p>In addition, the Office of Federal Programs experienced turnover and documentation was lost during the transition.</p>
<b>Effect</b>	The Office cannot support its assessment, subaward and monitoring of subrecipient activities which may cause the grantor to question costs.
<b>Recommendation</b>	We recommend the Office review the current procedures for maintaining subrecipient documentation to ensure documentation is maintained in accordance with the State and federal retention policy. The procedures should identify where documentation is maintained, who has access to the retained documents and if the documents are maintained in electronic or paper format.
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 169 of this audit report.

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**SUBRECIPIENT MONITORING**

*Significant Deficiency  
Immaterial Noncompliance*

<b>2016-039</b>	<u>Controls Over Sub Awards Should Be Reviewed to Ensure that the Sub Awards Include All Federal Compliance Requirements.</u>
<b>CFDA Number</b>	84.010 – Title 1 Grants to Local Educational Agencies 84.367 – Improving Teacher Quality State Grants
<b>Federal Award</b>	ES010A130024 (2013) ES010A140024 (2014) ES367A130023 (2013) ES367A140023 (2014) ES367A150023 (2015)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	No

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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**Statistically Valid**      Sample is considered statistically valid.

**Criteria**      Control: Per 2 CFR section 200.303 - Internal controls must be established and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Compliance: Per 2 CFR section 200.331 – Requirements for Pass Through Entities, the pass through entity (PTE) should ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain data elements at the time of the subaward; and, if any of these data elements change, include the changes in subsequent award modification. When some of this information is not available, the PTE must provide the best information available to describe the Federal Award and subaward. The data elements must include CFDA number and name and the PTE must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement.

**Condition**      During our testing, we noted that the grant agreements for 18 Title I and 18 Title II subrecipients (District) did not contain the required award identification information as identified in 2 CFR 200.331. The Office of Federal Programs (the Office) issues an allocation worksheet to the Districts which identifies the District’s funding for the Title I, II, III, VI, and X programs. The allocation worksheet does not meet the compliance requirements for sub recipient sub awards.

The Office requires each district to complete an annual consolidated application which identifies the program (Title, CFDA and award period), program objectives, goals and metrics. The consolidated application is approved and is a program tool for the Districts. However, the actual award notice to the Districts is an allocation worksheet, which is non-compliant and does not cross reference the annual consolidated application, linking the application as part of the sub award.

**Cause**      The Office did not update the Districts’ sub awards to include all of the required information in accordance with Uniform Guidance.

**Effect**      The sub award is not in compliance with federal requirements.

STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs (continued)

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**Recommendation** The annual consolidated application process ensures that the program information and requirements are communicated and addressed by the Districts. However, the sub award is the official notice of funds to the Districts and should clearly state the required terms of the award; cross references to additional program requirements, assurances, etc., should be identified in the sub award as well.

We recommend the Office review the subaward requirements under Uniform Guidance and incorporate the requirements into the subaward process.

**Views of Responsible Officials** Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 166 of this audit report.

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**SUBRECIPIENT MONITORING**

*Significant Deficiency*  
*Immaterial Noncompliance*

**2016-040** Controls Over Sub Awards Should Be Reviewed to Ensure that the Sub Awards Include All Federal Compliance Requirements.

**CFDA Number** 84.048 – Career and Technical Education

**Federal Award** EV048A140024 (2014)  
EV048A150024 (2015)

**Pass-through** N/A

**Questioned Costs** None

**Repeat Finding** No

**Statistically Valid** Sample is considered statistically valid.

**Criteria** Control: Per 2 CFR section 200.303 - internal controls must be established and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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Treadway Commission (COSO) to ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Compliance: Per 2 CFR section 200.331 – Requirements for Pass Through Entities, the pass through entity (PTE) should ensure that every subaward is clearly identified to the subrecipient as a subaward and include certain data elements at the time of the subaward; and, if any of these data elements change, include the changes in subsequent award modification. When some of this information is not available, the PTE must provide the best information available to describe the Federal Award and subaward. The data elements must include CFDA number and name and the PTE must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement.

**Condition** During our testing, we noted that the sub awards for 4 out of 4 subrecipients (District) did not contain the required award identification information as identified in 2 CFR 200.331. The Office of Career and Technical Education (the Office) sends an electronic funding approval notice to the Districts; the funding notice does not meet the compliance requirements for sub recipient sub awards.

The Office requires each district to complete a multi-year application which identifies the program (Title, CFDA and award period), program objectives, goals and metrics. The consolidated application is approved and is a program tool for the Districts. However, the actual award notice to the Districts is the approved funding notice, which is not compliant and does not cross reference the multi-year application, linking the application as part of the sub award.

**Cause** The Office did not update the Districts' sub awards to include all of the required information in accordance with Uniform Guidance.

**Effect** The sub award is not in compliance with federal requirements.

**Recommendation** The multi-year application process ensures that the program information and requirements are communicated and addressed by the Districts. However, the sub award is the official notice of funds to the Districts and should clearly state the required terms of the award; cross references to additional program requirements, assurances, etc., should be identified in the sub award as well.

We recommend the Office review the subaward requirements under Uniform Guidance and incorporate the requirements into the subaward process.

**Views of Responsible Officials** Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 167 of this audit report.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Finding Number**   **Finding and Recommendation**

**DEPARTMENT OF HEALTH**

**ALLOWABLE COSTS AND ACTIVITIES**

*Material Weakness*

**2016-044**                      Controls Over the Review of Estimated Utilization of Compensatory Time Should Be Strengthened.

**CFDA Number**              93.074 – Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements (HPP/PHEP)

**Federal Award**              5U90TP000530-03  
3U90TP000530-03S1

**Pass-through**                N/A

**Questioned Costs**           N/A

**Repeat Finding**              Yes; 2015-025

**Statistically Valid**           Sample is considered statistically valid.

**Criteria**                      Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort. Additionally, the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services' Provider Reimbursement manual requirements for conducting time studies requires the time study to encompass at least one full week per month of the cost reporting period, each week selected must be a full workweek, the weeks selected must be equally distributed among the months in the cost reporting period, and no two consecutive months may use the same week for the study.

**Condition**                    Our review of the time study process identified a lack of adherence to agency policies over time study procedures. Current year time study procedures did not comply with all of the U.S. Department of Health and Human Services, Centers

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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for Medicare and Medicaid Services' Provider Reimbursement manual requirements for conducting time studies, as the data collection weeks were not equally distributed throughout the year. We noted three instances where two consecutive months use the same week for the study in the cost reporting period.

During our testing, we also noted the Mississippi State Department of Health (MSDH or the Agency) has not modified the relative value stable to address findings/inconsistencies noted in prior years' audits. The table used in prior years was carried forward to 2016, with the exception that service code 15 was removed. The following are deficiencies communicated to MSDH management in the prior year when the relative values table was originally audited and remain uncorrected in the current year:

- Two instances in which the service codes (83B and 85A) could not be traced to the standard time report, and the relative value table did not agree to auditor calculation of an average of the previous few years' relative value tables.
- One instance in which service code 82A did not agree to the standard time report. A clerical error was noted on the standard time report in which it should have been listed as 82A and not 83A.
- One instance in which service code 29 did not appear on the standard time value table in which time was recorded for nurses, nurse practitioners and doctors on the relative value table.
- One instance in which a program code listed on the standard time value table for service code 99B did not agree to the program code on the relative value table. On the relative value table, it was listed as GA, whereas on the standard time value table, it is listed as OT.
- There was no supervisory review of the relative value table for the last several years.

Additionally, out of 33 time study forms requested for review, two were not provided due to the time study form not being returned by the employee for the time month requested.

**Cause**

MSDH does not have the proper internal controls to ensure the data obtained and maintained is complete and accurate for time study forms and relative value tables. Additionally, there are no proper internal controls to ensure time study weeks are not duplicated in consecutive months.

MSDH did not update the relative value tables in response to the prior year finding, did not use full weeks in their calculation of weeks for the time study reporting period, and did not obtain all time study forms from all employees required to submit a form.

**Effect**

Failure to modify inaccurate relative values data and adhere to agency policies for time study procedures could result in the misallocation of federal funds and questioned costs. The Agency may then be subject to repaying a portion of the grants, be levied fines and penalties, and potentially lose future grant awards.



**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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**Recommendation**      We recommend MSDH strengthen internal controls to ensure sufficient application, monitoring and oversight of time study policies and procedures.

**Views of Responsible Officials**      Management at the Mississippi Department of Health concurs with this finding. See additional comments in the Corrective Action Plan on page 183 of this audit report.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs (continued)

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**DEPARTMENT OF HUMAN SERVICES**

**ELIGIBILITY**

*Material Weakness*

*Material Noncompliance*

**2016-025** Controls Over Compliance with Eligibility and Benefit Payments Should Be Strengthened.

**CFDA Number** 93.575 – Child Care and Development Block Grant (CCDF)  
93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)

**Federal Award** G1601MSCCDF (2016)  
G1501MSCCDF (2015)

**Pass-through** N/A

**Questioned Costs** \$14,780

**Repeat Finding** Yes; 2015-002

**Statistically Valid** Sample is considered statistically valid.

**Criteria** The *Code of Federal Regulations* (45 CFR Part 98.20) sets forth the eligibility requirements for a child to receive child care services. The *Code of Federal Regulations* (45 CFR Part 98.50) further states how the Child Care and Development Block Grant (CCDF) funds should be expended for issuance of child care certificates. The Mississippi Department of Human Services' Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual*, based on the CCDF State Plan, which incorporates applicable Federal regulations and establishes eligibility criteria to receive child care certificate payments under the CCDF program. Specifically, Chapter 1 of this manual addresses family and child eligibility requirements, including the requirement that an eligible child be less than 13 years of age, or 18 if the eligible child has special needs. This policy manual also provides for periodic re-determination of continuing eligibility.

**Condition** In performing testwork on 40 child care certificate payments related to a child's eligibility for a child care certificate based on child care provider payments made during fiscal year 2016, we noted the following weaknesses:

- Seven instances, or 17.5 percent, in which the child's eligibility for the child care certificate could not be verified due to the child care certificate application and supporting documentation not being maintained by DECCD. It was not feasible to project questioned costs associated with this exception

STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs (continued)

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due to insufficient information and the lack of child care applications and supporting documents.

- Nine instances, or 22.5 percent, in which the certificates were identified as being based on the initial determination of the child's eligibility for the child care certificate as a referral from the Division of Field Operations due to the parent/caretaker receiving basic TANF benefits or transitional TANF benefits, which is the first priority level for a child care certificate. However, based on auditor's review of the TANF case in MAVERICS and/or transitional TANF case in JAWS, the auditor determined that the parent/caretaker was no longer receiving any type of TANF benefits as of the child care certificate benefit date selected for testing, and; therefore should not have been continuing to receive the child care certificate benefit at the TANF priority level. In addition, in ten instances, or 25 percent, no redetermination had been conducted within the last 12 months. It was not feasible to determine or project questioned costs associated with this exception due to the possibility that the parent/caretaker may still be eligible to receive child care assistance at a different priority level based on reapplying.
- Two instances, or 5 percent, in which there were improper copay amounts based on the priority level and number of children in the family with an active child care certificate. It was not feasible to project questioned costs associated with this exception due to insufficient information and the lack of supporting documents. The cumulative effect of the exceptions noted above resulted in \$14,780 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.

**Cause** Staff were either unaware of or did not follow identified policies and procedures for eligibility determinations.

**Effect** Failure of DECCD to perform sufficient determination or re-determination of a child's eligibility to ensure a child care certificate is properly issued could result improper payments to a child care provider representing questioned costs, and the possible recoupment of funds by the Federal granting agency.

**Recommendation** We recommend the Mississippi Department of Human Services' Division of Early Childhood Care and Development ensure compliance with the eligibility costs requirements of the Child Care and Development Block Grant by strengthening control procedures to ensure child care certificate rates and copays are assigned in accordance with the requirements set forth in the *Code of Federal Regulations* and the *Mississippi Child Care Payment Program Policy Manual*.

**Views of Responsible Officials** Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 193 of this audit report.

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PART 3 – Federal Award Findings and Questioned Costs (continued)

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**ELIGIBILITY**

*Significant Deficiency*  
*Immaterial Noncompliance*

**2016-024** Controls Over Compliance with Eligibility and Benefit Payments Should Be Strengthened.

**CFDA Number** 93.558 – Temporary Assistance for Needy Families (TANF)

**Federal Award** G1602MSTANF (2016)  
G1502MSTANF (2015)

**Pass-through** N/A

**Questioned Costs** \$924

**Repeat Finding** Yes; 2015-001

**Statistically Valid** Sample is considered statistically valid.

**Criteria** The Mississippi Department of Human Services (MDHS) has published *Volume III, TANF Policy Manual*, which establishes criteria for eligibility under the Temporary Assistance for Needy Families (TANF) program. Chapter 3, Non-Financial Criteria, requires a MDHS-EA-312, Personal Responsibility Contract, be signed by each adult in the TANF assistance unit at the time of application; all TANF children under the age of 18 must have proof of current immunizations according to the schedule recommended by the Department of Health; and a parent or other relative who accepts a TANF benefit for a child due to the continued absence of a parent must assign support rights to the State by cooperating with the Division of Child Support Enforcement. The Children for whom TANF benefits are requested must be deprived of parental care and support of at least one parent by reason of absence, disability or unemployment. If the parent or parents are absent, the reason for the absence must be determined.

**Condition** During testing of TANF benefits paid during the fiscal year 2016, we noted the following exceptions:

- One out of 40 TANF cases tested was missing deprived parent documentation for one or more children.
- Five out of 40 TANF cases tested did not have verification of immunization for a child not attending school.

The cumulative effect of the exceptions noted above resulted in \$924 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.

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**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Cause</b>	Staff were either unaware of or did not follow identified policies and procedures for eligibility determinations.
<b>Effect</b>	Failure to maintain supporting documentation for eligibility determination could result in questioned costs and recoupment of costs by the Federal granting agency.
<b>Recommendation</b>	We recommend the Mississippi Department of Human Services ensure compliance with TANF Eligibility determination and benefit requirements by strengthening control procedures to ensure all supporting documentation is reviewed and maintained and benefits are paid in accordance with the <i>Volume III, TANF Policy Manual</i> .
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 191 of this audit report.

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**SUBRECIPIENT MONITORING**

*Material Weakness*  
*Material Noncompliance*

<b>2016-027</b>	<u>Controls Should Be Strengthened Over On-Site Monitoring.</u>
<b>CFDA Number</b>	93.558 – Temporary Assistance for Needy Families (TANF) 93.667 – Social Services Block Grant (SSBG) 93.575 – Child Care and Development Development Funds (CCDF) 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) 93.568 – Low Income Home Energy Assistance Program (LIHEAP)
<b>Federal Award</b>	G1602MSTANF (2016) G1502MSTANF (2015) G1601MSSOR (2016) G1501MSSOR (2015) G1401MSSOR (2014) G1601MSCCDF (2016) G1501MSCCOF (2015) G16B1MSLIEA (2016) G15B1MSLIEA (2015) G14B1MSLIEA (2014)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	Yes; 2015-005

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**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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**Statistically Valid**      Sample is considered statistically valid.

**Criteria**      The terms and conditions of the grant agreements between Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the Code of Federal Regulations (45 CFR Part 92). The Code of Federal Regulations (45 CFR Part 92.40) designates MDHS for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and to ensure performance goals are being achieved. Grantee monitoring must cover each program, function or activity. We evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS's Division of Program Integrity - Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.

**Condition**      During testwork performed on subrecipient on-site monitoring for 25 subgrant contracts during state fiscal year 2016, we noted the following weaknesses:

- One contract tested, or 4 percent, was not monitored within the contract period as required by Program Integrity's Division of Monitoring procedures.
- Five contracts, or 20 percent, were noted where Corrective Actions were not received from the subrecipient within 15 working days from the date the Initial Monitoring Report (IMR) was issued.
- Fourteen contracts, or 56 percent were noted in which the Initial Monitoring Report was not issued within 60 days of the exit conference.
- Six contracts, or 24 percent, in which Questioned Costs had not been completely resolved as of the date of testwork.
- Six contracts, or 24 percent, in which at least one required element of the monitoring process was not performed or documented such as completion of the monitoring supervisor review checklist, fiscal monitoring tool, the program tool, test of scope of services, or test of cash draws.
- During our verification of the completeness of the sample population of 104, we noted six contracts that were listed on the GM18 report that had expenditures in FY2016 that were not included on the SFY2016 Subgrant Monitoring Tracking document.

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**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Cause</b>	Staff were either unaware or did not follow identified policies and procedures for reporting requirements.
<b>Effect</b>	MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with Federal regulations to occur and go undetected, potentially resulting in questioned costs.
<b>Recommendation</b>	We recommend the Mississippi Department of Human Services' Division of Program Integrity - Office of Monitoring (OM) strengthen its existing internal controls over on-site monitoring to ensure all active subgrantee contracts are timely monitored during-the-award in accordance with OM policies and procedures. We also recommend that the agency ensure that the Report of Findings & Recommendations prepared as a result of the onsite monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 198 of this audit report.

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**SUBRECIPIENT MONITORING**

***Material Weakness***

***Material Noncompliance***

<b>2016-028</b>	<u>Controls Should Be Strengthened Over Subrecipient Monitoring Related to Uniform Guidance.</u>
<b>CFDA Number</b>	93.558 – Temporary Assistance for Needy Families (TANF) 93.667 – Social Services Block Grant (SSBG) 93.575 – Child Care and Development Fund (CCDF) 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) 93.568 – Low Income Home Energy Assistance Program (LIHEAP)
<b>Federal Award</b>	G1602MSTANF (2016) G1502MSTANF (2015) G1601MSSOR (2016) G1501MSSOR (2015) G1401MSSOR (2014) G1601MSCCDF (2016) G1501MSCCDF (2015) G16B1MSLIEA (2016) G15B1MSLIEA (2015)



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**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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	G14B1MSLIEA (2014)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	Yes; 2015-009
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Criteria</b>	Title 2, U.S. Code of Federal Regulations, Part 200 – Uniform Administrative Requirements for Federal Awards (Uniform Guidance) states the pass-through entity is responsible for (1} ensuring that subrecipients expending \$750,000 or more in Federal awards during their fiscal year have met the audit requirements of the Uniform Guidance and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient's audit report; and {3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass through entity shall take appropriate action using sanctions.
<b>Condition</b>	<p>During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity- Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees. During our review of 25 subgrantees, we noted the following:</p> <ul style="list-style-type: none"> <li>• Seven instances in which the Uniform Guidance audits or Subgrantee Audit Information Forms (SAIF) for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee's fiscal year end.</li> <li>• Two instances of questioned costs related to grant programs funded by MDHS were identified by the subrecipient's Independent Public Accounting firm; however there was no documented response by MDHS to investigate the finding.</li> </ul>
<b>Cause</b>	Staff were either unaware or did not follow identified policies and procedures for reporting requirements.
<b>Effect</b>	Failure to properly monitor subrecipients could allow noncompliance with Federal regulations to occur and go undetected, potentially resulting in questioned costs.
<b>Recommendation</b>	We recommend the Mississippi Department of Human Services' Division of Program Integrity - Office of Monitoring (OM) strengthen controls over subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an Uniform Guidance audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions

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**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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to ensure corrective action was taken when a subgrantee's audit report contains findings. We further recommend that OM should ensure all subrecipients are included on the tracking report and continue to follow-up to obtain a Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.

**Views of Responsible  
Officials**

Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 202 of this audit report.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs (continued)

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**DIVISION OF MEDICAID**

**SUBRECIPIENT MONITORING**

*Material Weakness*

*Material Noncompliance*

**2016-032**                      Agency Should Strengthen Control Procedures to Ensure Compliance with the Allowable Cost Requirements of the Children’s Health Insurance Program.

**CFDA Number**            93.767 – Children’s Health Insurance Program (CHIP)

**Federal Award**            1605MS5021 (2016)

**Pass-through**            N/A

**Questioned Costs**        \$43,792,636

**Repeat Finding**          No

**Statistically Valid**        Sample is considered statistically valid.

**Criteria**                    In accordance with Title XXI of the Social Security Act as amended by the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA; Public Law 111-003), the Affordable Care Act (ACA; Public Law 111-148 taken together with Public Law 111-152) and the Medicare Access and CHIP Reauthorization Act (MACRA) (Public Law 114-10), and in conjunction with the *Office of Management and Budget Uniform Guidance* compliance supplement, CHIP expenditures must be allowable and paid in order to enable States to maintain and expand child health assistance to uninsured, low income children, and at a state option, low income pregnant women and immigrants by the following methods:

- Obtaining health insurance coverage;
- Expanding eligibility for children under the Medicaid program;
- Reducing the number of children eligible for Medicaid, CHIP, and insurance affordability programs under the ACA.

The grant award states that CHIP funds are available for expenditure “by your State for providing child health assistance, other health benefits coverage for populations eligible for such assistance, or benefits under your CHIP.” Further, the current summary plan for CHIP, provides that funds obtained under the CHIP grant will only be used for CHIP program expenditures.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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<b>Condition</b>	When performing testwork related to allowable costs/cost principles, we noted CHIP grant funds were used for Medical Assistance Program (MAP) expenditures in the following instance: <ul style="list-style-type: none"> <li>• One instance was noted where a request from the Medicaid fiscal agent, Xerox, exceeded the fund availability for the MAP16 grant. The amount exceeding the MAP16 grant was \$43,792,636, and it was requested and expended from the CHIP16 grant by the agency.</li> <li>• Grant expenditures have not adequately been segregated between programmatic grant years; thereby preventing determinations of allowability.</li> </ul>
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to verify if costs were allowable resulted in \$43,792,636 in unallowable costs expended with CHIP funds.
<b>Recommendation</b>	We recommend the Mississippi Division of Medicaid ensure compliance with the allowable costs requirements of the Children’s Health Insurance Program by strengthening control procedures to ensure that CHIP funds are paid in accordance with the requirements set forth in the <i>Code of Federal Regulations</i> and the Children’s Health Insurance Program grant award.
<b>Views of Responsible Officials</b>	Management at the Mississippi Division of Medicaid does not concur with this finding. See additional comments in the Corrective Action Plan on page 213 of this audit report and the Response of the Auditor on page 217.

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**PERIOD OF PERFORMANCE**

*Material Weakness*

*Material Noncompliance*

<b>2016-030</b>	<u>Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC).</u>
<b>CFDA Number</b>	93.767 – Children’s Health Insurance Program (CHIP)
<b>Federal Award</b>	1605MS5021 (2016) 1505MS5021 (2015) 1405MS5021 (2014) 1505MS1081 (2015)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	Unable to determine
<b>Repeat Finding</b>	No

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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**Statistically Valid** N/A

**Criteria** Per the Compliance Supplement (dated June 2016) Part 4, HHS CHIP, Section H Period of Performance): “The availability of amounts for FY 2009 and each fiscal year thereafter, shall remain available for expenditure by the State through the end of the succeeding fiscal year (i.e. the year of award and one subsequent fiscal year) (42 USC 1397dd(e)).”

**Condition** During testing of period of performance for the CHIP grant, we noted expenditures were not segregated by grant year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC); therefore, it could not be determined whether expenditures were charged to the CHIP grants either before or after the applicable Period of Performance.

In MAGIC, all grants are coded to the same grant number and internal order without any identifying grant information. Grant revenue is spent using the “first in first out” method rather than appropriately matching revenue and expenditures in a grant period.

**Cause** Management determined it was not beneficial to separate expenditures by grant year in MAGIC.

**Effect** Failure to properly segregate expenditures by grant year could result in expenditures made to a federal award/grant either before or beyond its Period of Performance, resulting in questioned costs. Additionally, without proper evidence that grant expenditures are paid by a specific federal grant, allowability of costs cannot be easily or readily determined.

**Recommendation** We recommend the agency implement a system to separate expenditures by grant award year in its accounting system to ensure transactions are charged to the correct federal award and within the award’s Period of Performance.

**Views of Responsible Officials** Management at the Mississippi Division of Medicaid does not concur with this finding. See additional comments in the Corrective Action Plan on page 211 of this audit report and the Response of the Auditor on page 217.

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**REPORTING**

*Material Weakness*

*Material Noncompliance*

**2016-031** Agency Should Strengthen Controls over Accounting Records by Reconciling Federal Reports to MAGIC in a Timely Manner.

**CFDA Number** 93.767 - Children’s Health Insurance Program (CHIP)  
93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII Medicare)

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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	93.778 - Medical Assistance Program (Medicaid: Title XIX)
<b>Federal Award</b>	1405MS5021 (2014) 1605MS5ADM (2016) 1505MS108 (2016) 1505MS5MAP (2015) 1505MS5021 (2015) 1605MS5MAP (2016) 1605MS5021 (2016) 1505MSIMPL (2015) 1505MS5001 (2015) 1605MSIMPL (2016) 1505MS50001(2015) 1505MSINCT (2015) 1505MS5ADM (2015) 1605MSINCT (2016) 1505MSBIPP (2015)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	No
<b>Statistically Valid</b>	N/A
<b>Criteria</b>	<p>The <i>Code of Federal Regulations</i> (2 CFR Part 200.327) grants the Health and Human Services awarding agency authority to require financial reporting for effective monitoring of federal awards. Additionally, the <i>Office of Management and Budget Uniform Guidance</i> compliance supplement requires submitted reports agree to the reporting entity's underlying accounting records that support the audited financial statements.</p> <p>Per the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), satisfactory control environments are effective only when control activities, such as reconciliations, are performed timely and accurately.</p>
<b>Condition</b>	<p>During testwork performed for reporting requirements over the Medicaid Cluster and CHIP programs for fiscal year 2016, we noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• The CMS-64 quarterly reports did not reconcile to the underlying financial accounting records in the statewide accounting system, Mississippi Accountability System for Government Information and Collaboration (MAGIC).</li> <li>• The CMS-21 quarterly reports did not reconcile to the underlying financial accounting records in MAGIC, the statewide accounting system.</li> <li>• Agency personnel did not have controls in place to adequately reconcile the underlying financial records to required programmatic reports.</li> </ul>

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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	<ul style="list-style-type: none"> <li>MDOM’s accounting records in the statewide accounting system, MAGIC, did not agree to the Schedule of Expenditures and Federal Awards (SEFA) and timely reconciliations had not been performed. Agency personnel relied on the quarterly reports to prepare the SEFA. Reconciliations prepared by auditors and MDOM’s management required material audit adjustments to be made.</li> </ul>
<b>Cause</b>	Lack of proper reconciliation between underlying accounting records and quarterly reports.
<b>Effect</b>	Failure to reconcile quarterly reports to underlying accounting records could impact MDOM’s funding determinations. Additionally, misstatement and misappropriation of funds can occur without proper reconciliation of two separate accounting systems.
<b>Recommendation</b>	We recommend the Mississippi Division of Medicaid strengthen controls over accounting records by reconciling Mississippi Accountability System for Government Information and Collaboration to federal reports to prevent inaccurate reporting.
<b>Views of Responsible Officials</b>	Management at the Mississippi Division of Medicaid concurs with this finding. See additional comments in the Corrective Action Plan on page 212 of this audit report.

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**SPECIAL TESTS**

***Significant Deficiency***

<b>2016-033</b>	<u>Agency should Implement Policy to Conduct Periodic Risk Analyses of all ADP Systems Involved in the Administration of HHS Programs.</u>
<b>CFDA Number</b>	93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII Medicare) 93.778 - Medical Assistance Program (Medicaid: Title XIX) 93.775 – State Medical Fraud Control Unit
<b>Federal Award</b>	1405MS5021 (2014) 1605MS5ADM (2016) 1505MS1081 (2015) 1505MS5MAP (2015) 1505MS5021 (2015) 1605MS5MAP (2016) 1605MS5021 (2016) 1505MSIMPL (2015) 1505MS5001 (2015) 1605MSIMPL (2016) 1505MS50001 (2016) 1505MSINCT (2015)

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs (continued)**

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	1505MS5ADM (2015) 1605MSINCT (2016) 1505MSBIPP (2015)
<b>Pass-through</b>	N/A
<b>Questioned Costs</b>	None
<b>Repeat Finding</b>	No
<b>Statistically Valid</b>	N/A
<b>Criteria</b>	The <i>Code of Federal Regulations</i> (45 CFR 95.621) requires that state agencies shall, “Establish and Maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At minimum, the reviews shall include an evaluation of the physical and data security, operating procedures, and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews.”
<b>Condition</b>	MDOM provided no evidence of a biennial risk analysis of all ADP Systems involved in the administration of HHS programs. The agency did submit a risk analysis for Mod MEDS, a newly installed, subsystem of MMIS in compliance with MARS-E v.2 Security and Privacy Controls framework. The Mississippi Division of Medicaid is not in compliance with <i>45 CFR 95.621</i> and its own Risk Analysis Policy; each requires a Risk Analysis Report be produced every 2 years.
<b>Cause</b>	Personnel were unaware of the comprehensiveness of the compliance requirement.
<b>Effect</b>	Failure to properly establish and maintain a process for conducting periodic risk analyses could result in the compromise of the confidentiality, integrity and reliability of the data associated with HHS programs.
<b>Recommendation</b>	We recommend Mississippi Division of Medicaid conduct a risk analysis of all ADP systems involved in the administration of HHS programs and produce a risk analysis report.
<b>Views of Responsible Officials</b>	Management at the Mississippi Division of Medicaid concurs with this finding. See additional comments in the Corrective Action Plan on page 212 of this audit report.



## **II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**



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**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Instructions to Management**

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200, Section 5.11*. In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
  - a. “Fully Corrected” - All corrective action has been taken.
  - b. “Partially Corrected” - Some, but not all, corrective action has been taken.
  - c. “Not Corrected” - Corrective action has not been taken.
  - d. “Not Valid” - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as “Fully Corrected.”
  - a. When audit findings are “Partially Corrected” or “Not Corrected,” describe the planned corrective action as well as any partial corrective action taken.
  - b. When audit findings are “Not Valid,” describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

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\*a The agency indicates the finding is fully corrected; finding 2016-024 was written to report current year problems noted.

\*b The agency indicates the finding is fully corrected; finding 2016-025 was written to report current year problems noted.

\*c The agency indicates the finding is fully corrected; finding 2016-026 was written to report current year problems noted.

\*d the agency indicates the finding is fully corrected; finding 2016-027 was written to report current year problems noted.

\*e The agency indicates the finding is fully corrected; finding 2016-028 was written to report current year problems noted.

\*f The agency indicates the finding is partially corrected; finding 2016-044 was written to report current year problems noted.

STATE OF MISSISSIPPI

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

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STATE OF MISSISSIPPI

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

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## MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.  
State Superintendent of Education

### SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2016

2014-006      Controls Should Be Strengthened in the Office of Child Nutrition over Federal Funding Accountability and Transparency Act (FFATA) Reporting to Ensure Compliance with Federal Reporting Requirements

10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children (SFSPC)

Current Status:      **Partial**

**Planned corrective action:** The Office of Accounting has provided training to the Child Nutrition staff and has worked with them to start building the major template for filing monthly reports. FFATA Reports have been successfully filed for the Fruit and Vegetable Grants for fiscal years 2015 and 2016. The Office of Child Nutrition is currently working to ensure that the template of more than 800 sub recipients will successfully load in the FSRS system for reporting and should complete testing by April 2017. Upon the successful completion of the submission template, the Office of Child Nutrition will begin filing the reports on a monthly basis.

2014-008      Controls Should Be Strengthened over Payments Made to Subrecipients of the Child Nutrition Cluster and Child and Adult Care Food Programs

10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children (SFSPC)

Current Status:      **Corrected**

2015-022 Controls Should Be Strengthened over Federal Reporting for the Child and Adult Care Food Program and the Child Nutrition Programs

The Office of Accounting provides an independent review of FNS-777 Financial status reports prior to submission.

2015-023 Controls Should Be Strengthen over Allowable Costs for the Child and Adult Care Food Program and the Child Nutrition Programs

10.553	National School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer food Service Program for Children

**Current Status:** **Corrected**

Through an extensive review process, the Mississippi Department of Education continues ensure that all expenditures are properly assigned.

Signature: Cauey B. Smith (Agency Head)

Title: State Superintendent of Education

Date: 3/7/17



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended June 30, 2016

2014-021 Subawards Should Be Timely and Accurately Reported in Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements for the WIC and PHEP/HPP [Immunization] Programs

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

FULLY CORRECTED

2014-023 Controls Should Be Strengthened over Allowable Costs/Cost Principles for the Time Study System

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements  
93.268 Immunization Cooperative Agreements  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare

PARTIALLY CORRECTED

See 2015-025 below

2015-024 Controls Should Be Strengthened over Subrecipient Monitoring for the Special Supplemental Nutrition Program for Women, Infants, and Children

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

FULLY CORRECTED

2015-025 Controls Should Be Strengthened over Allowable Costs/Cost Principles for the Time Study System

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

93.268 Immunization Cooperative Agreements  
93.777 State Survey and Certification of Health Care Providers and Suppliers

PARTIALLY CORRECTED

Time study reconciliations in FY 2016 were properly prepared and reviewed. While data entry issues were not identified in FY 2016, it was noted time study forms could not be located for some employees required to submit a form. Greater care will be taken to properly file the required forms.


The requirements for the time study schedule weeks will be further reviewed to ensure full weeks are used in the calculation of weeks for the time study reporting period.

In regards to the relative value table, while some of the prior year values were corrected, the agency will continue to correct the remaining relative value table issues.

2015-026 Controls Should Be Strengthened over the Eligibility Certification Process for the Special Supplemental Nutrition Program for Women, Infants, and Children

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

FULLY CORRECTED

Signed:   
Mitch Adcock, CPA  
Chief Administrative Officer

Date: 2/16/2017



**STATE OF MISSISSIPPI**  
Phil Bryant, Governor  
**DEPARTMENT OF HUMAN SERVICES**  
John Davis  
Executive Director

2014-012      Controls Should Be Strengthened over Compliance with Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements for the LIHEAP Programs

93.568      Low-Income Home Energy Assistance Program  
93.667      Social Services Block Grant

**Fully Corrected**

2014-013      Controls Should Be Strengthened over Reporting of Sub awards for Federal Funding Accountability and Transparency Act (FFATA) Requirements for the CCDF Cluster

93.575      Child Care and Development Block Grant  
93.596      Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**Fully Corrected**

2015-001      Controls Should Be Strengthened over the Compliance with Eligibility and Benefit Payment Requirements

93.558      Temporary Assistance for Needy Families

**Fully Corrected**

2015-002      Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster

93.575      Child Care and Development Block Grant  
93.596      Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**Fully Corrected**

2015-003      Controls Should Be Strengthened to Ensure Compliance with Allowable Cost Requirements of the CCDF Cluster

93.575      Child Care and Development Block Grant  
93.596      Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**Fully Corrected**

- 2015-004      Controls Should Be Strengthened over the Submission of Required Federal Reports
- 10.551      Supplemental Nutrition Assistance Program
  - 10.561      State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
  - 93.558      Temporary Assistance for Needy Families State Programs
  - 93.575      Child Care and Development Block Grant
  - 93.596      Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**Fully Corrected**

- 2015-005      Controls Should Be Strengthened over On-Site Monitoring
- 10.551      Supplemental Nutrition Assistance Program
  - 10.561      State Administration Matching Grants for the Supplemental Nutrition Assistance Program
  - 93.558      Temporary Assistance for Needy Families
  - 93.667      Social Services Block Grant

**Fully Corrected**

- 2015-006      Controls Should Be Strengthened over the Submission of Required Federal Reporting Elements and Reports
- 93.568      Low-Income Home Energy Assistance Program

**Fully Corrected**

- 2015-007      Controls Should Be Strengthened over 20 Percent Exemption and Five Year Time Limit
- 93.558      Temporary Assistance for Needy Families State Programs

**Fully Corrected**

- 2015-008      Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program
- 93.558      Temporary Assistance for Needy Families State Programs

**Fully Corrected**

- 2015-009      Controls Should Be Strengthened over Sub recipient Monitoring for OMB Circular A-133 Audits for the SNAP, TANF, SSBG, and LIHEAP Programs and for the CCDF Cluster
- 10.561      State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
  - 93.558      Temporary Assistance for Needy Families State Programs
  - 93.568      Low-Income Home Energy Assistance Program
  - 93.575      Child Care and Development Block Grant
  - 93.596      Child Care Mandatory and Matching Funds of the Child Care Development Fund
  - 93.667      Social Services Block Grant

**Fully Corrected**

2015-010     Agency Should Accurately Report the Status of Prior Year Findings

93.558        Temporary Assistance for Needy Families State Programs  
93.568        Low-Income Home Energy Assistance Program

**Fully Corrected**

2015-011     Agency Should Ensure Compliance with Earmarking and Minimum Targeted Funds Provisions and Requirements

93.575        Child Care and Development Block Grant  
93.596        Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**Fully Corrected**

2015-012     Agency Should Ensure Compliance with Allowable Cost Requirements

10.551        Supplemental Nutrition Assistance Program  
10.561        State Administrative Matching Grants for the Supplemental Nutrition Assistance Program  
93.558        Temporary Assistance for Needy Families State Programs  
93.568        Low-Income Home Energy Assistance Program  
93.575        Child Care and Development Block Grant  
93.596        Child Care Mandatory and Matching Funds of the Child Care Development Fund  
93.667        Social Services Block Grant

**Fully Corrected**

DocuSigned by:  
  
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John Davis

Executive Director

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MISSISSIPPI DIVISION OF  
**MEDICAID**

Attachment A

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
**For the Year Ended June 30, 2016**

- 1) 2014-005 Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements
- 2) 93.778 Medical Assistance Program
- 3) Fully Corrected

- 1) 2014-034 Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements
- 2) 93.767 State Children's Insurance Program  
93.778 Medical Assistance Program
- 3) Fully Corrected

Signed: \_\_\_\_\_

David J. Dzielak  
Executive Director

Date: \_\_\_\_\_

2/21/17

Attachment B

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
**For the Year Ended June 30, 2016**

2014-005    Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements

CFDA # 93.778      Medical Assistance Program

FULLY CORRECTED

2014-034    Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements

CFDA # 93.767      State Children's Insurance Program  
CFDA # 93.778      Medical Assistance Program

FULLY CORRECTED

Signed: \_\_\_\_\_

David J. Dzielak  
Executive Director

Date: \_\_\_\_\_

2/21/17

Attachment C

**Medicaid**

2014-005     Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements

93.778       Medical Assistance Program

2014-034     Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements

93.767       State Children's Insurance Program

93.778       Medical Assistance Program

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### **III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS**



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## STATE OF MISSISSIPPI

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### MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS FOR THE YEAR ENDED JUNE 30, 2016 Instructions to Management

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In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
  - a. Specific steps to be taken to correct situation.
  - b. Name(s) of the contact person(s) responsible for corrective action.
  - c. Anticipated completion date for corrective action.
  - d. Specific reasons why corrective action is not necessary, if applicable.

OMB Uniform Guidance, Section 200.521 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

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STATE OF MISSISSIPPI  
DEPARTMENT OF CORRECTIONS  
PELICIA E. HALL  
COMMISSIONER

March 17, 2017

Honorable Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi Department of Corrections (MDOC) 2016 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding: Review of Estimated Utilization of Compensatory Time  
2016-021

Response: The agency concurs with this finding.

Corrective Action: Management of MDOC will implement more thorough procedures in future periods to review all accrued compensated absences calculations, including the utilization of compensatory time.

Audit Finding: Recording of Appropriations  
2016-022

Response: The agency concurs with this finding, however acknowledging the agencies dependency on the Mississippi Department of Finance and Administration (DFA) for providing supporting information.

Corrective Action: MDOC acknowledges that the actual appropriations allocated to each fund may vary from the budgeted appropriations. MDOC is dependent on DFA to provide this information, and DFA did not do so timely in 2015. MDOC will ensure, to the extent possible, that DFA provides this information in a timely manner in the future.

Audit Finding: Cutoff of Contract Payments for Regional Prison, Private Prison, and Medical Contractual Services  
2016-023

Response: The agency concurs with this finding.

Corrective Action: MDOC will implement a process whereas these contract payments are properly recorded in accordance with the modified accrual basis of accounting.

Should you have any questions regarding our response or corrective action plan, please feel free to contact Rick McCarty at (601) 359-5682.

Sincerely,

A handwritten signature in blue ink that reads "Pelicia E. Hall". The signature is fluid and cursive, with the first name "Pelicia" being the most prominent part.

Pelicia Hall  
Corrections Commissioner  
State of Mississippi



## MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.  
*State Superintendent of Education*

March 28, 2017

### Financial Statement Findings

Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

In accordance with your correspondence dated March 20, 2017, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit findings for the fiscal year ending June 30, 2016.

#### AUDIT FINDINGS:

#### **Internal Control over Financial Reporting**

GAAP Package – Fund 5320100000

2016-035     Management overrode internal controls and procedures and charged unallowed costs to the Title I program.

Response:     The MDE acknowledges that unallowed costs were charged to the Title I program, and steps are being implemented to prevent this from reoccurring.

#### Corrective Action Plan:

A.     Specific steps to be taken to correct the situation.

Upon discovery, the MDE immediately required that any recoding or adjustments for payments be approved by members of the Executive Leadership Team before

payments were finalized. In addition, MDE initialized a comprehensive review of current processes and procedures to ensure that this would not reoccur. The

procedures are being documented and will include approval levels up to and including the Chief of the respective bureau and the Chief Operations Officer. Currently, a form is being drafted to document the approvals at all levels to ensure that no adjustments or recoding occurs without final approval from the respective Chiefs. In addition, the agency has contracted with an outside Consultant to provide consultation services to revise and align MDE Policies and Procedures with the Mississippi Accountability System for Government Information and Collaboration (MAGIC). To ensure that the agency has a person on staff dedicated specifically to monitoring compliance, the Chief Operations Officer will be realigning the Operations department and designating someone on staff as a Compliance Manager.

B. Name of the contact person responsible for corrective action.

Felicia Gavin, Ph.D. – Chief Operations Officer

C. Anticipated completion date for corrective action.

June 30, 2017

### **Internal Control over Financial Reporting**

GAAP Package – Fund 5320100000

2016-036     Internal controls and procedures over review and approval of adjustment posted by the Department of Finance and Administration (DFA) and the Mississippi Department of Education's (MDE) account activity and ending account balances should be implemented.

Response:     The MDE does review and approve adjustments posted by DFA. These approvals are noted within the GAAP packages submitted to DFA annually. Accounts Payable balances do still exist in MAGIC, and DFA has now implemented a procedure as of March 2017 whereby they will begin removing cleared payments from the system so that they do not populate on the trial balance. DFA was aware of this situation and has now implemented a procedure to address this issue.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The MDE will exercise due diligence in the future to ensure a thorough and comprehensive review of all general ledger account balance detail is performed. This will also include a thorough review of all DFA recorded transactions to ensure that they are properly supported and agreed to by MDE. MDE will utilize the process established by DFA in March of 2017 to have the paid invoices removed from the system. As part of strengthening procedures and raising the

level of accountability, the Chief Operations Officer will be restructuring the accounting department to include more oversight.

B. Name of the contact person responsible for corrective action.

Felicia Gavin, Ph.D. – Chief Operations Officer

C. Anticipated completion date for corrective action.

June 30, 2017

## **Internal Control over Financial Reporting**

GAAP Package – Fund 5320100000

2016-037     Procedures over accounting for grants should be strengthen in order to accurately present grant activity and the related accounts receivable and unearned revenue account balances.

Response:     During the 2016 GAAP preparation, DFA instructed agencies to start recording all grants using the grant numbers which was after the year end in June 2016. The MDE has since modified its processes to record all grants on an individual basis.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The MDE will continue to report new and future grant activity by each grant. A thorough review and reconciliation process is being developed to update all grant activity in MAGIC to accurately reflect the individual grant's activity. The agency is developing a Grants Management team that will meet quarterly to review grant activity and issues. As part of strengthening procedures and raising the level of accountability, the Chief Operations Officer will be restructuring the accounting department to include more oversight.

B. Name of the contact person responsible for corrective action.

Felicia Gavin, Ph.D. – Chief Operations Officer

C. Anticipated completion date for corrective action.

June 30, 2017

## Internal Control over Financial Reporting

GAAP Package – Fund 5320100000 and 4423000000

2016-045     MDE was not adequately prepared for the financial audit which resulted in untimely delays in the issuance of the financial statements of funds 532010000 and 4423000000.

Response:     The MDE recognizes that there were challenges in receiving information in a timely manner. The agency is making changes in policies and procedures to ensure that auditors receive information and responses to requests in a timely manner. However, Executive Leadership over the respective area would like to be informed when information is not received in a timely manner. We will designate a contact person at the agency to ensure that the Executive Leadership is informed of any issues with timely receipt of information or of any other issues that arise during the audit.

### Corrective Action Plan:

A.     Specific steps to be taken to correct the situation.

Procedures will be updated to ensure that account reconciliations and variance reports are completed. When preparing for audits, deadlines will be given to staff to provide requested documents. As part of strengthening procedures and raising the level of accountability, the Chief Operations Officer will be restructuring the accounting department to include more oversight. To ensure that the agency has a person on staff dedicated specifically to monitoring compliance, the Chief Operations Officer will be realigning the Operations department and designating someone on staff as a Compliance Manager.


B.     Name of the contact person responsible for corrective action.

Felicia Gavin, Ph.D. – Chief Operations Officer

C.     Anticipated completion date for corrective action.

July 1, 2017

Sincerely,



Carey M. Wright, Ed.D.  
State Superintendent of Education



## MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.  
*State Superintendent of Education*

March 28, 2017

### Single Audit Findings

Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

In accordance with your correspondence dated March 20, 2017, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the single audit findings for the fiscal year ending June 30, 2016.

#### AUDIT FINDINGS:

##### **Allowable Cost and Activities**

84.010 Title I

2016-038 Internal controls over posting federal program costs to the general ledger should be strengthened.

Response: The MDE acknowledges that unallowed costs were charged to the Title I program, and steps are being implemented to prevent this from reoccurring.

#### Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

Upon discovery, the MDE immediately required that any recoding or adjustments for payments be approved by members of the Executive Leadership Team before payments were finalized. In addition, MDE initialized a comprehensive review of



current processes and procedures to ensure that this would not reoccur. The procedures are being documented and will include approval levels up to and including the Chief of the respective bureau and the Chief Operations Officer. Currently, a form is being drafted to document the approvals at all levels to ensure that no adjustments or recoding occurs without final approval from the respective Chiefs. In addition, the agency has contracted with an outside Consultant to provide consultation services to revise and align MDE Policies and Procedures with the Mississippi Accountability System for Government Information and Collaboration (MAGIC). To ensure that the agency has a person on staff dedicated specifically to monitoring compliance, the Chief Operations Officer will be realigning the Operations department and designating someone on staff as a Compliance Manager. In addition, the Department of Finance and Administration has agreed to assist the agency as needed and to provide a member of their staff to facilitate training as necessary with MAGIC.

B. Name of the contact person responsible for corrective action.

Felicia Gavin, Ph.D. – Chief Operations Officer

C. Anticipated completion date for corrective action.

June 30, 2017

### **Subrecipient Monitoring – Sub Awards**

84.010 Title I and Title II

2016-039 Internal controls over sub awards should be reviewed to ensure that the sub awards include all federal compliance requirements.

Response: The Office of Federal Programs (OFP) concurs with this finding and is implementing the appropriate corrective action to meet the tenants of the law.

**Corrective Action Plan:**

A. Specific steps to be taken to correct the situation.

The Office of Federal Programs (OFP) developed a Federal Award Notification template in December 2016 that the CliftonLarsonAllen firm reviewed for compliance with the Uniformed Grant Guidance. The OFP has begun using this template to create the Federal Award Notifications for all FY17 Final Allocations. These notices will be posted on the Federal Programs webpage, and uploaded into the Mississippi Comprehensive Automated Performance-based System (MCAPS), annually.



B. Name of the contact person responsible for corrective action.

Elisha Campbell, Fiscal Director, Office of Federal Programs

C. Anticipated completion date for corrective action.

July 1, 2018

### **Subrecipient Monitoring – Sub Awards**

84.048 Career and Technical Education

2016-40 Internal controls over sub awards should be reviewed to ensure that the sub awards include all federal compliance requirements.

Response: The Career and Technical Education (CTE) grant award is a five-year grant (2008-2012) that has been extended annually by Congress over the last five years in the absence of federal reauthorization. Initially, subrecipients submitted to the Mississippi Department of Education (MDE) a five-year local plan application (2008-2012) that contained federal compliance requirements. The approved local plan application became the official grant award for subrecipients. The application acknowledged that the grant period covered Federal Program Years 2008-2012, and allocations would be made each year with the submission of a Local Plan Update (LPU). Based on the May 2016 federal review of CTE, MDE made changes to the local plan application and those changes were subsequently approved. MDE recognizes the need to strengthen annual LPUs (sub awards) and have addressed this finding in sub awards being issued for FY 2018.

#### **Corrective Action Plan:**

A. Specific steps to be taken to correct the situation.

The Office of Career and Technical Education (OCTE) revised its annual sub award documentation (Local Plan Update-LPU) and funding notifications to meet Uniform Grant Guidance. These documents have been uploaded into Lotus Notes, the CTE federal grants management system. The OCTE will require subrecipients to use the revised Local Plan Update (LPU) beginning with their April 2017 submission.

B. Name of the contact person responsible for corrective action.

Mike Mulvihill, Director of Career and Technical Education

C. Anticipated completion date for corrective action.

April 18, 2017

**Reporting**

84.048 Career and Technical Education

2016-41 Internal controls over reporting should be strengthened to ensure that supporting documentation is maintained in accordance with federal and state retention policies.

Response: The Career and Technical Education (CTE) federal grant is a formula grant with six subcategories of funding. In previous years, the Office of Career and Technical Education (OCTE) used reports generated through Mississippi Executive Resource Library and Information Network (MERLIN), an electronic data warehouse of accounting, to provide accurate supporting documentation for financial status reports. Effective July 1, 2014, MERLIN was replaced by Mississippi's Accountability System for Government Information and Collaboration (MAGIC). The new system did not have any report type available to provide the needed documentation, nor did MDE staff have the capability to create a similar MERLIN report from MAGIC. The OCTE used internal expenditure records as supporting documentation to prepare the interim financial status report. Following the fire at Central High School on July 19, 2015, many of those internal records were destroyed.

To strengthen internal controls for reporting, subcategories have been created in MAGIC. Therefore, recently submitted financial status reports accurately reflect the supporting documentation pulled from MAGIC. Also, an electronic records retrieval system will be used for storing all financial documentation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

To strengthen internal controls, the Mississippi Department of Education has incorporated a more thorough review process for CTE financial status reports by ensuring that reports are reviewed independently by the Office of Accounting prior to submission. Also, to ensure that records are maintained, an electronic records retrieval system will be used to store all supporting documentation for federal financial status reports.

B. Name of the contact person responsible for corrective action.

Mike Mulvihill, Director of Career and Technical Education

C. Anticipated completion date for corrective action.

June 30, 2017

## Reporting

84.287 21st Century Community Learning Centers

2016-42 Internal controls over reporting should be strengthened to ensure that supporting documentation is maintained in accordance with federal and state retention policies.

Response: Following the fire, smoke, and subsequent water damage at the Central High School Building on July 19, 2015, the Office of Federal Programs (OFP) lost documents due to water damage. Additionally, due to damage in the office space assigned to OFP and the department, the entire MDE staff and offices were relocated offsite and only permitted to take a limited number of files and supplies due to limited space. The damage was so extensive that staff members within the Office of Federal Programs were only allowed a half day to retrieve items from their work areas. As a result of the fire, the OFP was relocated several times.

New leadership was assigned to the OFP which includes a Bureau Manager who provides oversight to the programs housed within the office and a Director of Finance. In addition, the 21st CCLC Program was assigned new staff. Through the work of the OFP staff, the files for the 21st CCLC program were methodically assessed for completeness. The staff is continuing the attempt to reconstruct the files.

OFP recognizes the value of maintaining electronic records to verify and ensure record retention.

### Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The Office of Federal Programs (OFP) has begun maintaining electronic copies of all official documents. To achieve this process OFP staff members are required to save all official correspondence with subrecipients electronically. Written internal protocols for document retention will be developed in conjunction with the Office of Technology and Strategic Services.

Stacey E. Pickering

Page 6

March 28, 2017


B. Name of the contact person responsible for corrective action.

Quentin Ransburg, Director of Federal Programs

C. Anticipated completion date for corrective action.

July 1, 2018

Sincerely,

A handwritten signature in black ink, appearing to read "Carey M. Wright". The signature is fluid and cursive, with the first name "Carey" and last name "Wright" clearly distinguishable.

Carey M. Wright, Ed.D.

State Superintendent of Education



**STATE OF MISSISSIPPI**  
GOVERNOR PHIL BRYANT

**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
LAURA D. JACKSON  
EXECUTIVE DIRECTOR

April 1, 2017

**FINANCIAL AUDIT FINDINGS**

Honorable Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Pickering:

In reference to your letter dated March 21, 2017, we submit the following responses and corrective action plans to the financial audit findings for the Department of Finance and Administration (DFA) for the fiscal year ended June 30, 2016.

**AUDIT FINDINGS:**

**MATERIAL WEAKNESSES**

**Finding Number**

**2016-008**

**Finding Description**

Controls should be Strengthened over Segregation of Duties within the Mississippi Accountability System for Government Information and Collaboration (MAGIC)

**Response:**

We acknowledge the finding.

Section 7-7-3(6) (d), Miss. Code Ann. states that each agency is responsible for continuous internal audit. DFA prescribes rules and regulations that clearly state that each state agency head and chief financial officer are responsible for the design, implementation, and maintenance of the internal control program within the agency. Therefore, each agency is responsible for the proper segregation of duties within the agency.

The Corrective Action Plan submitted in Fiscal Year 2016 for the June 30, 2015, audit stated that GRC was anticipated to be implemented by the end of Fiscal Year 2017. In addition,

additional research has led us to determine that implementing GRC is not a viable solution for DFA.

We accept that we have a responsibility in the internal control framework and must provide the tools to assist agencies in the internal control process. MAGIC security roles allow for the segregation of duties and the internal control assessment tool assists agencies in reviewing employees' duties and roles within the agency.

CRM includes security roles that allow for the segregation of duties. The Grantor Analyst role allows access to the applications, agreements and change request forms. The Grantor Accountant role allows access to the grantor claim forms. There is a Grantor Manager role that includes access to applications, agreements, change requests, and claim forms.

**Corrective Action Plan**

(a) A quarterly MAGIC security report will be made available to the agencies. In addition, training will be provided for the agency security contacts.

The CRM roles will be reviewed and if necessary changes will be made to further segregate the roles and responsibilities.

(b) Diane Langham is the contact person for this corrective action.

(c) The change will be completed by June 30, 2017.

(d) N/A

**2016-009**

Written Policies and Procedures Should be in Place Related to Accounting and Reporting Matters

**Response:**

We concur with the finding.

We have already completed some updates to the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual, and the MAAPP manual still has many relevant sections. Many user aids and training materials are currently available to users on the MAGIC web site. The vision of the revised MAAPP manual will not only address policies and procedures, but will contain hyperlinks that users can access the many training aids available. As more aids are developed, we will add them to the respective sections of the MAAPP manual.

**Corrective Action Plan**

(a) The DFA is in the process of reviewing and updating the MAAPP manual.

(b) The contact person responsible for this corrective action is Lisa Dunn.

(c) We anticipate the revised MAAPP manual being available to users by December 31, 2017.

(d) N/A

**2016-010**

Process of Compiling the Comprehensive Annual Financial Statements and the Schedule of Expenditures of Federal Awards Should be Strengthened

**Response:**

We concur with the finding.

During fiscal year 2016, the Office of Financial Reporting continued to develop the process for producing the CAFR from MAGIC. We would like to note the following achievements made during compilation of the CAFR.

- Converted assets were reconciled to the sub ledger detail. Automated asset accounting rules were reconfigured to better support CAFR accounting, and activity prior to the reconfigured rules was reclassified.
- Long term debt was converted in MAGIC and reconciled to supporting documents.
- Use of MAGIC to account for federal grants was enforced in an effort to expedite preparation of the SEFA.
- New trial balance reports were developed in MAGIC to assist in CAFR preparation.
- The DFA began using MAGIC for government-wide CAFR accounting.

**Corrective Action Plan**

(a) Workshops will be held in the current year to train state agency GAAP coordinators on the GAAP year-end process and reiterate the importance of timely reporting. We will have staff dedicated to following up with state agencies in an effort to force adherence to deadlines for submission of the GAAP packets. In addition, we will reinforce through the training, in cooperation with the Office of the State Auditor (OSA), the importance of adhering to an audit schedule that will accommodate timely completion of the CAFR.

(b) The contact person responsible for this corrective action is Cindy Ogletree.

(c) The anticipated implementation for this corrective action plan is June 2017.

(d) N/A

**2016-011**

Controls Should be Strengthened over the Process for Recording Interagency Transfers, Payables and Receivables

**Response:**

We concur with the finding.

Agencies were contacted prior to year-end and directed to review their receivable balances and were offered assistance to record necessary corrections. As part of the year-end training, agencies will again be advised to review and adjust receivable balances. Additional discussions are being pursued about possible changes to the system process for interagency transactions.

**Corrective Action Plan**

(a) The DFA will provide instructions to the agencies for identifying accounts receivable balances and procedures for correcting. Additionally, the DFA will monitor interagency balances.

(b) The contact person responsible for this corrective action is Cindy Ogletree.

(c) The anticipated implementation for this additional information to the agencies is June 2017.

(d) N/A

**2016-012**

Controls Should be Strengthened over the Minimum Accounting Qualifications; and Mandatory Training of the Chief Fiscal Officers of State Agencies Should be Developed to Strengthen Accuracy in Financial Reporting and Compliance

**Response**

We acknowledge this finding.

The Department of Finance and Administration (DFA) is the primary agency responsible for state government financial and administrative operations, and we fully accept and embrace the magnitude of that responsibility. However, while DFA is the executive branch control agency over governmental accounting and financial reporting, and in particular, the completion of the



annual comprehensive annual financial report, we rely heavily on the cooperation and input of every other state agency to successfully accomplish that task.

We acknowledge that Section 7-7-3 of Miss. Code Ann. (1972) requires DFA to conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the state accounting system. Before implementation of the new statewide system and since that time, we have provided class training, one-on-one personalized training and detailed assistance via the call center to agency personnel to assist them in the transition and to help them understand the processes required for daily workflow. We have training material, work instructions and job aids available on the internet that are easily accessible. In addition to providing training on the state accounting system, we also provide training on GAAP reporting for financial statement preparation. While we have clearly stated that these training sessions are necessary, we continue to have agencies that do not attend.

The finding specifically calls into question the lack of qualifications and skill requirements of agency accounting personnel, and specifically mentions the lack of qualified personnel serving as Chief Fiscal Officers in the 20 largest state agencies in terms of budgeted funds. While we have the responsibility to provide systems to facilitate the financial reporting and operations of the state and to provide training to employees that use these systems, we do not have the oversight of the hiring or selection of agency employees. Hiring of qualified employees is the responsibility of each state agency head. (The audit finding does acknowledge the fact that DFA has no direct control over minimum qualifications for individual agency personnel.)

#### **Corrective Action**

(a) The audit finding recommendation is for DFA to work together with the Mississippi State Personnel Board, the Governor's Office and the legislative bodies to revise the minimum qualifications for Chief Fiscal Officers and to create a statewide compensation strategy to recruit and retain qualified staff. We will commit to notifying these parties of the issues and begin the conversation to affect change. However, as acknowledged by the Office of the State Auditor in the finding,

action to accomplish this is outside of DFA's purview and control.

DFA will continue to provide training opportunities for accounting personnel, and will pursue and provide additional training as funding allows.

(b) Laura Jackson is the person responsible for this corrective action.

(c) This corrective action will be implemented during FY 2017.

(d) N/A

## **2016-013**

### Control over Vulnerability Management, Software Obsolescence and Security should be Strengthened

#### **Response**

We concur with the finding.

#### **Corrective Action Plan**

(a) DFA staff has undergone training from Microsoft specialist to ensure the proper use of System Center Configuration Manager (SCCM) and System Center Updates Publisher (SCUP). DFA will utilize SCCM and SCUP to ensure all systems receive regularly scheduled patch updates. Legacy programs that are no longer supported or updated as required to operate on current software platforms and hardware will be identified and replaced. DFA staff will change all passwords and default community strings to suitably complex and long passwords.

(b) Preston Pierce is the contact person for this corrective action.

(c) This change should be completed by January 2018.

(d) N/A

## **SIGNIFICANT DEFICIENCIES**

### **2016-014**

#### Codes and Clients in MAGIC have not been set to productive.

#### **Response**

We concur with the finding.

The productive indicator associated with the SOMS company code was not addressed by the SAP implementation consultants and we were not aware that it existed. During the fiscal year 2016 HORNE audit, the productive indicator was brought to our attention. The MAGIC consultants on our staff, at that time, advised us that the setting should be changed and tested during

the MAGIC upgrade. After further research, we determined that the change can be made outside of the upgrade. There is no risk of data loss because staff does not have access to the transaction codes that could cause data loss by the productive indicator not being set.

**Corrective Action Plan**

(a) The indicator will be set to productive.

(b) Diane Langham is the contact person for this corrective action.

(c) The change will be completed by April 30, 2017.

(d) N/A

**2016-015**

Controls Should Be Strengthened Over the Security Audit Log of MAGIC

**Response**

We acknowledge the finding.

The log was enabled in April of 2016 for all options and functions available and has been running since then. We have determined that not all of the options and functions are necessary to identify MAGIC abnormalities.

**Corrective Action Plan**

(a) DFA will work with the Office of the State Auditor to revise the options and functions for the log.

(b) Diane Langham is the contact person for this corrective action.

(c) The log will be revised by June 30, 2017.

(d) N/A

**2016-016**

Controls Should Be Strengthened Over the Vendor Master File and Issuance of Payments to One Time Vendors

**Response:**

We concur with the finding.

Agencies should use a one-time vendor for non-recurring payments and payments for non 1099-MISC services.

**Corrective Action Plan**

(a) A MAGIC edit prevents a one-time vendor from being used with an expenditure code that is a 1099-MISC service. The DFA Post-Audit Review Team reviews the vendor payments on a monthly basis to identify one-time vendors who have been used more than once, and contacts the agency to set up a vendor.

Rules and procedures for using one-time vendors will be included in the revised MAAPP Manual.

(b) The contact person responsible for this corrective action is Lisa Dunn.

(c) This corrective action was implemented during FY 2017 and will be monitored and adjusted for effectiveness.

(d) N/A

**2016-017**

Controls Should Be Strengthened Over Journal Entry Approvals and Updated Policies and Procedures Should be Produced

**Response:**

We concur with the finding.

DFA entries should always include appropriate documentation as an attachment when applicable. For 2017, DFA has instituted a policy to compile documentation prior to completing an adjusting entry.

For cash receipt entries, documentation is maintained on a daily basis in the form of a summary report referred to as the Daily Transmittal Form to Treasury. The summary report is not attached to the various and numerous cash documents, but is available upon request. Staff will be notified that when asked to produce support for cash receipt entries, they should provide the Daily Transmittal Form to Treasury.

In FY 2017 DFA began requiring agencies to include with all journal entries submitted for approval, the Journal Entry – Correction Request Form. This form requires the agency to provide the type of adjustment to be posted, the reason for adjustment, and the expected supporting documentation for the adjustment.

**Corrective Action Plan**

(a) Supporting documentation will be attached to all journal entries as applicable. The Daily Transmittal Form to Treasury will be made available to OSA staff upon request.

(b) The contact people responsible for this corrective action are Lisa Dunn and Marcus Moore.

(c) This corrective action was implemented during FY 2017.

(d) N/A

**2016-018**

Controls Should be Strengthened over Reports regarding the Cash Reconciliations in the Accounting System to Ensure Accuracy and Timeliness

**Response:**

We concur with the finding.

Post implementation of the Daily Average Cash Balance (DACB) report, DFA conducted a reconciliation identifying differences between MAGIC cash balances and amounts reported on the DACB.

Timeliness of the DACB report is impacted by nightly and daily processing. The report cannot be generated until all relevant MAGIC processes have completed. Processes run to extract data from MAGIC Monday – Friday. The DACB report, for the respective days, is generated Wednesday – Sunday. The current process ensures the completeness of the report.

**Corrective Action Plan**

(a) The mechanism for adjustment needs to be reviewed with Treasury staff and agreed to before correcting entries are made to resolve concerns with accuracy. The DFA will work with Treasury to improve the cash reconciliation process.

(b) The contact person responsible for this corrective action is Marcus Moore.

(c) The anticipated implementation is no later than June of 2017.

(d) N/A

**OTHER CONTROL DEFICIENCIES**

**IMMATERIAL NONCOMPLIANCE AND OTHER MATTERS**

**OTH 16-05**

Controls Should be Strengthened over Documentation Related to Information Technology Policies to Ensure Compliance with State Law

**Response**

We concur with the finding.

**Corrective Action Plan**

(a) DFA has developed and completed the Enterprise Security Plan. The plan has been submitted to ITS and the Data Services Division of the Office of the State Auditor as per Enterprise Security Policy, Rule 1.11.

(b) The contact person responsible is Arthur Bridges.

(c) The completion date for this corrective action is March 23, 2017.

(d) N/A

If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura D. Jackson

Executive Director

Department of Finance and Administration



MISSISSIPPI STATE DEPARTMENT OF HEALTH

FINANCIAL AUDIT FINDINGS

March 16, 2017

Honorable Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2016 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding: **Management is responsible for establishing and maintaining effective internal control over financial reporting.**

2016-43                      Although MSDH's internal control procedures in place throughout the year contained a process for the identification and recording of year-end liabilities for grant reimbursement requests paid during the lapse period, the process did not fully address indirect cost recovery amounts due to MSDH at year-end but submitted after the lapse period. This process does not include a review of the Department of Finance and Administration's (DFA) accruals to ensure all items requiring accrual are properly captured. Additionally, MSDH does not have an appropriate process to review, analyze and record an allowance for doubtful accounts related to services provided in the clinics.

Response:                      The agency concurs with this finding.

Corrective Action:              Management notes this matter was partially related to beginning-of-year balances. Management has strengthened internal controls over accounts receivable and other areas during the year to establish proper cut-off procedures. MSDH is currently working to procure new software for the clinics that will streamline the process of tracking outstanding patient balances for the clinics to facilitate the above recommendations.

Name of contact person responsible for corrective action: Sharon Dowdy (cut off procedures) and Consultant and IT Staff (new software)

Anticipated completion date of corrective action: August 2017 (cut off procedures) and end of calendar year 2018 (new software)

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7359.

Sincerely,

A handwritten signature in blue ink that reads "Mary Currier". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Mary Currier, M.D., M.P.H.  
State Health Officer





MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

March 16, 2017

Honorable Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2016 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding: **Strengthen Controls over Allowable Costs to Ensure Sufficient Application, Monitoring and Oversight of Time Study Policies and Procedures.**

2016-44 MSDH did not update the relative value tables in response to the prior year finding, did not use full weeks in their calculation of weeks for the time study reporting period, and did not obtain all time study forms from all employees required to submit a form.

CFDA Number: Special Supplemental Nutrition Program for Women, Infants and Children, 10.557  
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned  
Cooperative Agreements, 93.074

Requirement: Allowable Costs

Response: The agency concurs with this finding.

Corrective Action: Time study reconciliations in FY2016 were properly prepared and reviewed. While data entry issues were not identified in FY2016, it was noted time study forms could not be located for some employees required to submit a form. Greater care will be taken to properly file the required forms.

The requirements for the time study schedule weeks will be further reviewed to ensure full weeks are used in the calculation of weeks for the time study reporting period.

In regards to the relative value table, while some of the prior year values were corrected, MSDH will continue to correct the remaining relative value table issues.

Name of contact person responsible for corrective action: IT Department and Field Services

Anticipated completion date of corrective action: August 2017

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7359.

Sincerely,



Mary Currier, M.D., M.P.H.  
State Health Officer



**STATE OF MISSISSIPPI**  
Phil Bryant, Governor  
**DEPARTMENT OF HUMAN SERVICES**  
John Davis  
Executive Director

**Finding and Recommendation**

**REPORTING**

***Material Weakness***

**2016-029**                      **Controls Should Be Strengthened Over Account Reconciliations and Financial Reporting**

**CFDA Number**                      N/A – Financial Statement Finding Only

**Federal Award**                      N/A – Financial Statement Finding Only

**Federal Agency**                      N/A – Financial Statement Finding Only

**Pass-through Entity**                      N/A

**Questioned Costs**                      None

**Criteria**                      **The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual highlights essential types of control activities including, but not limited to:**

- **Authorization** – provide reasonable assurance that all transactions are within the limits set by policy or that exceptions to policy have been granted by the appropriate officials.
- **Review and approval** – encompass a variety of computer and manual controls that provide reasonable assurance that all accounting information has been correctly captured.
- **Reconciliation** – provide reasonable assurance of the accuracy of financial records through the periodic comparison of source documents to data recorded in agency accounting information systems.

The information system relevant to an agency's financial reporting objectives consists of the methods and records established to identify, assemble, analyze, classify, record, and report entity transactions and to maintain accountability for the related assets and liabilities. The quality of system generated financial information affects management's ability to make appropriate decisions in managing and controlling an agency's activities.

## **Condition**

Due to the implementation of a new statewide accounting system, Mississippi Accountability System for Government Information and Collaboration (MAGIC), in fiscal year 2015, policies and procedures for the preparation and submission of agency fund level GAAP packets were revised in order to complement the new statewide accounting system. Agency accounting personnel were tasked with completing close out GAAP packets using new reports, policies, and procedures. In order to mitigate problems faced statewide, extended deadlines and procedures were temporarily utilized during fiscal year 2015 in order to assist agencies with completing GAAP packets.

Our fiscal 2016 audit procedures resulted in audit adjustments to accounts payable, due to other governments and various transfers between agencies, some adjustments which were as a result of continuing reconciliation items related to the 2015 MAGIC implementation. Currently, accrual entries and entries involving transfers between funds and governments may sometimes be made by MDHS personnel and sometimes

by personnel at the Department of Finance and Administration. Once entries are made there does not appear to be a viable review process in place to prevent and detect errors.

Our audit also resulted in material adjusting entries to the fund statements to only include receivables that are measurable and available. Available means collectible within two months (the lapse period). However, for the statement of net assets, full accrual accounting is used and an allowance should be provided to reduce receivables to net realizable value. Currently, MDHS does not have a mechanism in place to reduce receivables to amounts collected within the lapse period. Further, there is inadequate documentation in place to support the expectation of ultimate net realizable value. Expenditures should be accrued when incurred, except notes payable are recognized when due and claims and similar obligations payable are recognized when expected to be liquidated. The audit also resulted in some

liabilities being written off that were related to the receivables that were not considered collectible.

**Cause**

The issues noted in this finding are primarily as a result of continuing refinement of processes associated with the implementation of a new statewide accounting system in the prior year. In addition, staff were either unaware or did not follow identified policies and procedures for completing account reconciliations and producing financial reports.

**Effect**

Failure to implement a timely and effective reconciliation process could:

- Increase the risk of fraud, waste, and mismanagement of funds.
- Affect MDHS' ability to effectively monitor budget execution.
- Affect MDHS' ability to accurately measure the full cost of its programs.
- Result in erroneous financial statements.

**Recommendation**

We recommend that MDHS enhance its reconciliation and closing journal entry review and approval process to fully document fiscal year ending balances, including all closing entries made by the Department of Finance and Administration. In addition, we recommend MDHS develop a process to identify and segregate balances which will not be settled in the lapse period which will aid in the preparation of year-end financial information and identify older reconciling items and take appropriate action to clear these items.

**Repeat Finding**

This is not a repeat finding.

**Statistically Valid**

Sample is considered statistically valid.

**Views of Responsible Officials**

Management at the Mississippi Department of Health and Human Services concurs with this finding. See additional comments in the Corrective Action Plan in this audit report.

Audit Adjustments to accounts payable, due to other government and various transfers between agencies



**Response:** We concur that the adjustments needed to be performed to accounts payable, due to other governments and various transfers between agencies, which were a continuation of reconciliation items related to 2015 MAGIC implementation. The adjustments are performed by Department of Finance and Administration according to the policies and procedures they have in place for recording the accruals for obligations to the agency. The basis of how the accruals are being performed will be continued by DFA. However, MDHS will seek assistance in making the needed adjustments related to Fiscal Year closeout and GAAP reporting. MDHS is continuing in finding the best solutions, to be effective and efficient in reviewing the entries and to detect errors.

**Corrective Action Plan:**

A. The following corrective action procedures will be taken:

- MDHS will review all notifications related to GAAP
- MDHS will request assistance with preparing GAAP Packets
- MDHS will review the trial balances at Fiscal Year End
- MDHS will consult with DFA regarding adjusting entries they perform
- MDHS will continue to review DFA Policies and Procedures Related to GAAP
- MDHS will continue to learn the functionality of MAGIC and the tools available in MAGIC

The process of identifying how the adjustments will be corrected has not been performed in MAGIC. The adjustment will be made once DFA provide guidance on how to proceed with creating the entries for the cumulative accruals and the transfer between funds and government

Audit adjusting entries to the fund statements and liabilities being written off

**Responses:** We concur with the adjustments needed to the funds balances; however, due to federal regulations these programs balances can't be written off without guidance from the program administrators. The programs claim balances are booked to account Code 21000000. These claim balances change (increase/decrease) as a result of new claims being added and/or payments being received. A journal entry is submitted to adjust the balances accordingly. The amount that appears on the trial balance is a cumulative figure. MDHS will seek assistance from the programs to be more efficient in determining what has been realized during the lapse period; to effectively make the needed adjustments.

**Corrective Action Plan:**

A. The following corrective action procedures will be taken:

- MDHS, Accounts Receivable will seek guidance from the Program Administrators to identify a better mechanism to record receivables collected during the lapse period.

- MDHS, Accounts Receivable will request the Program Administrators to provide an estimated collectable schedule for the current Fiscal Year.
- MDHS, Accounts Receivable, will seek guidance from the Program on how to proceed with claims they have identified as uncollectable.
- MDHS will review trial balances at Fiscal Year End to help identify any erroneous balance identified on the trial balance.
- MDHS will continue to seek guidance from DFA
- MSHS will continue to learn the functionality of MAGIC and tools available in MAGIC

No adjustment has been performed in MAGIC. The adjustment will be made once the Program Administrators have provided guidance on how to proceed with creating the entries for the cumulative balances.

DocuSigned by:



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John Davis, Executive Director



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**STATE OF MISSISSIPPI**  
 Phil Bryant, Governor  
**DEPARTMENT OF HUMAN SERVICES**  
 John Davis  
 Executive Director

**Finding and Recommendation**

**ELIGIBILITY**

***Material Noncompliance***  
***Significant Deficiency***

**2016-024**                      Controls Should Be Strengthened Over Compliance with Eligibility and Benefit Payment Requirements

**CFDA Number**              93.558 – Temporary Assistance for Needy Families

**Federal Award**              G1602MSTANF/2016  
    G1502MSTANF/2015

**Federal Agency**            U.S. Department of Health and Human Services

**Pass-through Entity**      N/A

**Questioned Costs**        \$924

**Criteria**                      The Mississippi Department of Human Services has published *Volume III, TANF Policy Manual*, which establishes criteria for eligibility under the Temporary Assistance for Needy Families (TANF) program.

Chapter 3, Non-Financial Criteria, requires a MDHS-EA-312, Personal Responsibility Contract, be signed by each adult in the TANF assistance unit at the time of application; all TANF children under the age of 18 must have proof of current immunizations according to the schedule recommended by the Department of Health; and a parent or other relative who accepts a TANF benefit for a child due to the continued absence of a parent must assign support rights to the State by cooperating with the Division of Child Support Enforcement. The Children for whom TANF benefits are requested must be deprived of parental care and support of at least one parent by reason of absence, disability or unemployment. If the parent or parents are absent, the reason for the absence must be determined.

<b>Condition</b>	<p>During testing of TANF benefits paid during the fiscal year 2016, we noted the following exceptions:</p> <ul style="list-style-type: none"> <li>• One out of 40 TANF cases tested were missing deprived parent documentation for one or more children.</li> <li>• Five out of 40 TANF cases tested did not have verification of immunization for a child not attending school.</li> </ul> <p>The cumulative effect of the exceptions noted above resulted in \$924 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.</p>
<b>Cause</b>	Staff were either unaware or did not follow identified policies and procedures for Eligibility determinations.
<b>Effect</b>	Failure to maintain supporting documentation for eligibility determination could result in questioned costs and recoupment of costs by the Federal granting agency.
<b>Recommendation</b>	We recommend the Mississippi Department of Human Services ensure compliance with TANF Eligibility determination and benefit requirements by strengthening control procedures to ensure all supporting documentation is reviewed and maintained and benefits are paid in accordance with the <i>Volume III, TANF Policy Manual</i> .
<b>Repeat Finding</b>	This finding is a repeat finding from FY 2015. See finding number 2015-001 in prior year audit report.
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Health and Human Services concurs with this finding. See additional comments in the Corrective Action Plan in this audit report.

**Response:** The Mississippi Department of Human Services (MDHS) agrees that controls should be strengthened over compliance with eligibility and benefit payment requirements of the Temporary Assistance for Needy Families (TANF) program. Eligibility Workers and Case Managers should be aware of the policy of which the MDHS Division of Field Operations (DFO) has in place to address the various findings revealed by this audit. For various reasons, staff did not follow policy and procedures in a complete, accurate and timely manner in every case. The details of management's responses to the specific findings are attached as Exhibit A, "Disposition Request for Issuance Regarding TANF's Eligibility Testwork" pages 1 through 2.

**Corrective Action Plan:** The Division of Field Operations will re-emphasize to its staff the importance of adherence to policy and procedures as set out in Volume III, TANF Policy Manual.

As indicated on the attached “Disposition Request for Issuance Regarding TANF’s Eligibility Testwork”, where applicable the findings have been corrected upon receipt of the findings or submitted to the appropriate staff for correction.

### **Finding and Recommendation**

#### **ELIGIBILITY**

##### ***Material Noncompliance***

##### ***Material Weakness***

**2016-025** Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster

**CFDA Number** 93.575 – Child Care and Development Block Grant  
93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**Federal Award** G1601MSCCDF/2016  
G1501MSCCDF/2015

**Federal Agency** U.S. Department of Health and Human Services

**Pass-through Entity** N/A

**Questioned Costs** \$14,780

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**Criteria** The *Code of Federal Regulations* (45 CFR Part 98.20) sets forth the eligibility requirements for a child to receive child care services. The *Code of Federal Regulations* (45 CFR Part 98.50) further states how the Child Care and Development Block Grant (CCDF) funds should be expended for issuance of child care certificates. The Mississippi Department of Human Services’ Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual*, based on the CCDF State Plan, which incorporates applicable Federal regulations and establishes eligibility criteria to receive child care certificate payments under the CCDF program. Specifically, Chapter 1 of this manual addresses family and child eligibility requirements, including the requirement that an eligible child be less than 13 years of age, or 18 if the eligible child has special needs. This policy manual also provides for periodic re-determination of continuing eligibility.

**Condition** In performing testwork on 40 child care certificate payments related to a child’s eligibility for a child care certificate based on child care provider payments made during fiscal year 2016, we noted the following weaknesses:

- Seven instances, or 17.5 percent, in which the child's eligibility for the child care certificate could not be verified due to the child care certificate application and supporting documentation not being maintained by DECCD. It was not feasible to project questioned costs associated with this exception due to insufficient information and the lack of child care applications and supporting documents.
- Nine instances, or 22.5 percent, in which the certificates were identified as being based on the initial determination of the child's eligibility for the child care certificate as a referral from the Division of Field Operations due to the parent/caretaker receiving basic TANF benefits or transitional TANF benefits, which is the first priority level for a child care certificate. However, based on auditor's review of the TANF case in MAVERICS and/or transitional TANF case in JAWS, the auditor determined that the parent/caretaker was no longer receiving any type of TANF benefits as of the child care certificate benefit date selected for testing, and; therefore should not have been continuing to receive the child care certificate benefit at the TANF priority level. In addition, in ten instances, or 25 percent, no redetermination had been conducted within the last 12 months. It was not feasible to determine or project questioned costs associated with this exception due to the possibility that the parent/caretaker may still be eligible to receive child care assistance at a different priority level based on reapplying.
- Two instances, or 5 percent, in which there were improper copay amounts based on the priority level and number of children in the family with an active child care certificate. It was not feasible to project questioned costs associated with this exception due to insufficient information and the lack of supporting documents.

The cumulative effect of the exceptions noted above resulted in \$14,780 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.

**Cause**

Staff were either unaware or did not follow identified policies and procedures for eligibility determinations.

**Effect**

Failure of DECCD to perform sufficient determination or re-determination of a child's eligibility to ensure a child care certificate is properly issued could result improper payments to a child care provider representing questioned costs, and the possible recoupment of funds by the Federal granting agency.

<b>Recommendation</b>	We recommend the Mississippi Department of Human Services' Division of Early Childhood Care and Development ensure compliance with the eligibility costs requirements of the Child Care and Development Block Grant by strengthening control procedures to ensure child care certificate rates and copays are assigned in accordance with the requirements set forth in the <i>Code of Federal Regulations</i> and the <i>Mississippi Child Care Payment Program Policy Manual</i> .
<b>Repeat Finding</b>	This finding is a repeat finding from FY 2015. See finding number 2015-002 in prior year audit report.
<b>Statistically Valid</b>	Sample is considered statistically valid.
<b>Views of Responsible Officials</b>	Management at the Mississippi Department of Health and Human Services concurs with this finding. See additional comments in the Corrective Action Plan in this audit report.

**MDHS Response:** The CCDF program has not always been administered directly through the DECCD. The agency previously allowed designated agents across the state to determine eligibility for the program. Additionally, the DECCD has not always utilized the online database system known as CCPS. Due to the transition from designated agents to the state office, and additionally from paper files to CCPS, there are cases where initial applications and supporting documentation were not retained for clients who have been on the CCDF program for a long period of time. Current practices, which require all new applications and redetermination applications to be processed using an online system which tracks and records all activity on the case, will reduce the number of material noncompliance/material weakness issues that the agency is currently experiencing.

CCPS has an interface with the JAWS system to receive child care certificate referrals. The DECCD monitoring unit will run a monthly report to match active TANF child care certificates against the TANF active cases in JAWS. This process will help the agency to identify any errors and terminate any certificates issued in error.

A major contributor to the lack of documentation is the lack of parent redeterminations. In accordance with DECCD policy, families should be redetermined as eligible for the program every 12 months. Due to complications with implementation, the agency has not conducted parent redetermination in a systematic way since 2014. However, the agency began implementation of systematic and on-going parent eligibility redeterminations in February 2017. DECCD expects that all parents eligible for redetermination (note that some priority populations are excluded) will receive a redetermination notice by July of 2017. Parents have sixty days from the notice of redetermination to complete the online application and submit supporting documentation. Failure to comply with redetermination results in the termination of child care certificates.

**Corrective Action:** The DECCD monitoring unit has implemented a practice of pulling test cases every month and conducting an error rate review which includes a test of

copayments. This practice allows the DECCD to identify errors and program controls which may have caused these errors so that the issue can be remedied as soon as possible.

### **Finding and Recommendation**

#### **REPORTING**

##### ***Immaterial Noncompliance***

**2016-026** Controls Should Be Strengthened Over the Submission of Required Federal Reports

**CFDA Number** 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)

**Federal Award** 12-35-2841-B15/2015

**Federal Agency** U.S. Department of Agriculture (SNAP)

**Pass-through Entity** N/A

**Questioned Costs** None

**Criteria** The *Code of Federal Regulations* (45 CFR Part 75.341) grants the Health and Human Services awarding agency authority to require financial reporting for effective monitoring of Federal awards. The Federal Financial Report (FFR) is required to be completed and submitted in accordance with instructions provided by the Administration for Children and Families, and must be submitted quarterly, semiannually or annually, based on instructions from the ACF and awarding agency. Those instructions require States to submit quarterly and semi-annual reports no later than 30 days after the end of each reporting period and annual reports no later than 90 days after the end of each reporting period or grand end date.

**Condition** During testwork performed for reporting requirements of the Supplemental Nutrition Assistance Program (SNAP) programs during fiscal year 2016, we noted one of six quarterly SNAP FFR-425 reports selected for testing for FY16 reports was submitted within 30 days after the end of the reporting period; however, the September 30, 2015 report was not certified by a MDHS official until November 2, 2015.

**Cause** Staff were either unaware or did not follow identified policies and procedures for reporting requirements.

**Effect** Good internal controls over reporting should include a timely and independent review of information reported. Failure to timely review and submit reports could result in reporting penalties and could impact funding determinations.



**Recommendation** We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission.

**Repeat Finding** This finding is a repeat finding from FY 2015. See finding number 2015-004 in prior year audit report.

**Statistically Valid** Sample is considered statistically valid.

**Views of Responsible Officials** Management at the Mississippi Department of Health and Human Services concurs with this finding. See additional comments in the Corrective Action Plan in this audit report.

**Response:** The MDHS concurs that the September 30, 2015 FFR-425 was not certified within 30 days after the reporting period. The report was submitted during the 30 days, however it was inadvertently not certified until November 2, 2015. Even though this is a repeat finding the Agency has made great strides in this area since the implementation of MAGIC.

**Corrective Action Plan:** The MDHS will implement a recap of all federal reports and update it as reports are submitted. The recap sheet will be reviewed to ensure that all reports have been submitted by deadline.

**Finding and Recommendation****SUBRECIPIENT MONITORING*****Material Noncompliance******Material Weakness***

<b>2016-027</b>	<b><u>Controls Should Be Strengthened Over On-Site Monitoring</u></b>
<b>CFDA Number</b>	10.561 – State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) 93.558 – Temporary Assistance for Needy Families (TANF) 93.667 – Social Services Block Grant (SSBG) 93.575 – Child Care and Development Block Grant (CCDF) 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) 93.568 – Low Income Home Energy Assistance Program (LIHEAP)
<b>Federal Award</b>	12-35-2841-B16/2016 12-35-2841-B15/2015 12-35-2841-B14/2014 G1602MSTANF/2016 G1502MSTANF/2015 G1601MSSOR/2016 G1501MSSOR/2015 G1401MSSOR/2014 G1601MSCCDF/2016 G1501MSCCDF/2015 G16B1MSLIEA/2016 G15B1MSLIEA/2015 G14B1MSLIEA/2014
<b>Federal Agency</b>	U.S. Department of Agriculture (SNAP) U.S. Department of Health and Human Services (TANF, SSBG, CCDF & LIHEAP)
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	None
<b>Criteria</b>	The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the Code of Federal Regulations (45 CFR Part 92). The Code of Federal Regulations (45 CFR Part 92.40) designates MDHS for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal



requirements and to ensure performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

We evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS's Division of Program Integrity – Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.

#### **Condition**

During testwork performed on subrecipient on-site monitoring for 25 subgrant contracts during state fiscal year 2016, we noted the following weaknesses:

- One contract tested, or 4 percent, was not monitored within the contract period as required by Program Integrity's Division of Monitoring procedures.
- Five contracts, or 20 percent, were noted where Corrective Actions were not received from the subrecipient within 15 working days from the date the Initial Monitoring Report (IMR) was issued.
- Fourteen contracts, or 56 percent were noted in which the Initial Monitoring Report was not issued within 60 days of the exit conference.
- Six contracts, or 24 percent, in which Questioned Costs had not been completely resolved as of the date of testwork.
- Six contracts, or 24 percent, in which at least one required element of the monitoring process was not performed or documented such as completion of the monitoring supervisor review checklist, fiscal monitoring tool, the program tool, test of scope of services, or test of cash draws.
- During our verification of the completeness of the sample population of 104, we noted six contracts that were listed on the GM18 report that had expenditures in FY2016 that were not included

on the SFY2016 Subgrant Monitoring Tracking document.

**Cause** Staff were either unaware or did not follow identified policies and procedures for monitoring requirements.

**Effect** MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with Federal regulations to occur and go undetected, potentially resulting in questioned costs.

**Recommendation** We recommend the Mississippi Department of Human Services' Division of Program Integrity – Office of Monitoring (OM) strengthen its existing internal controls over on-site monitoring to ensure all active subgrantee contracts are timely monitored during-the-award in accordance with OM policies and procedures. We also recommend that the agency ensure that the Report of Findings & Recommendations prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.

**Repeat Finding** This finding is a repeat finding from FY 2015. See finding number 2015-005 in prior year audit report.

**Statistically Valid** Sample is considered statistically valid.

**Views of Responsible Officials** Management at the Mississippi Department of Health and Human Services concurs with this finding. See additional comments in the Corrective Action Plan in this audit report.

**Response:** The Agency concurs with the findings and controls have been strengthened over On-Site monitoring.

**Corrective Action Plan:** For all conditions noted, the Office of Monitoring held a training session with all supervisors and monitors. Training stressed the importance of time guidelines and proper documentation required when time limits will not be able to be met. Additional training was given to the supervisors regarding reviews, updating Smartsheet tracking and time management. Training will be held each quarter to review the monitor's progress and answer any questions that may have come to their attention.

The Office of Monitoring relies on the funding divisions to deliver all subgrants and contracts. Reliance on this process is based on spreadsheet lists being given to the Office of Monitoring Director. Each funding division in Budgets and Accounting has a folder on the "P" drive where all contracts and subgrants are downloaded. The Office of Monitoring has access to this "P" drive and will download to the Tracking document all contracts, subgrants, modifications etc. from each funding division.

Extensions that are given will be noted in the files and on the Smartsheet tracking system. One step taken during the training mentioned above is to have emails sent to the monitors when time deadlines are approaching. The tracking system is now set up to do this. Also, monitors are now required to check the tracking system twice a week. This will alert them to all upcoming deadlines. Another step taken is to place all contact with the subgrantee in the comments section of the Smartsheet as soon as contact is completed. The Office of monitoring will adhere strictly to the time deadlines.

As long as a subgrantee/contractor is being responsive to letters, emails and calls made, the Office of Monitoring works with them. The questioned costs may be under an Initial Report, Status Report(s) or a Final Decision Letter. This was addressed in the training sessions with both the monitors and supervisors.

Not all tools are used on every monitoring review. Training was given stressing the proper protocol for placing each piece of the monitoring tool into Smartsheet as it is completed. This will help the monitors become more efficient and not have to look for information after the monitoring review is completed. Paper file use will be very limited and only on an emergency basis.

**Finding and Recommendation****SUBRECIPIENT MONITORING*****Material Noncompliance******Material Weakness***

<b>2016-028</b>	<b><u>Controls Should Be Strengthened Over Subrecipient Monitoring Related to Uniform Guidance</u></b>
<b>CFDA Number</b>	10.561 – State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) 93.558 – Temporary Assistance for Needy Families (TANF) 93.667 – Social Services Block Grant (SSBG) 93.575 – Child Care and Development Block Grant (CCDF) 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) 93.568 – Low Income Home Energy Assistance Program (LIHEAP)
<b>Federal Award</b>	12-35-2841-B16/2016 12-35-2841-B15/2015 12-35-2841-B14/2014 G1602MSTANF/2016 G1502MSTANF/2015 G1601MSSOR/2016 G1501MSSOR/2015 G1401MSSOR/2014 G1601MSCCDF/2016 G1501MSCCDF/2015 G16B1MSLIEA/2016 G15B1MSLIEA/2015 G14B1MSLIEA/2014
<b>Federal Agency</b>	U.S. Department of Agriculture (SNAP) U.S. Department of Health and Human Services (TANF, SSBG, CCDF & LIHEAP)
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	None
<b>Criteria</b>	Title 2, U.S. Code of Federal Regulations, Part 200 – Uniform Administrative Requirements for Federal Awards (Uniform Guidance) states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 or more in Federal awards during their fiscal year have met the audit requirements of the Uniform

Guidance and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**Condition**

During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity – Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees for state fiscal year 2015. During our review of 25 subgrantees, we noted the following:

- Seven instances in which the Uniform Guidance audits or Subgrantee Audit Information Forms (SAIF) for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee's fiscal year end.
- Two instances of questioned costs related to grant programs funded by MDHS were identified by the subrecipient's Independent Public Accounting firm, however there was no documented response by MDHS to investigate the finding.

**Cause**

Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Guidance.

**Effect**

Failure to properly monitor subrecipients could allow noncompliance with Federal regulations to occur and go undetected, potentially resulting in questioned costs.

**Recommendation**

We recommend the Mississippi Department of Human Services' Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an Uniform Guidance audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions to ensure corrective action was taken when a subgrantee's audit report contains findings. We further recommend that OM should ensure all subrecipients are included on the tracking report and continue to follow-up to obtain a Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.

**Repeat Finding**

This finding is a repeat finding from FY 2015. See finding number 2015-009 in prior year audit report.

**Statistically Valid**

Sample is considered statistically valid.



## Views of Responsible

### Officials

Management at the Mississippi Department of Health and Human Services concurs with this finding. See additional comments in the Corrective Action Plan in this audit report.

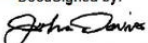

**Response:** The Agency concurs with the finding and controls have been strengthened over subrecipient monitoring related to Uniform Guidance.

**Corrective Action Plan:** The Office of Monitoring will continue to issue Initial Notice Letters, Reminder Letters and Demand Letters to subgrantees which emphasize the importance of timely submission of an audit report or the Subgrantee Audit Information Form to document that an audit is not required.

The MDHS Funding Divisions will be provided Quarterly Updates of Unresolved Audit Findings and the Office of Monitoring will provide training and technical assistance to the Funding Divisions to ensure the audit findings are cleared by the responsible Funding Division in a timely manner.

Person responsible for all Corrective Actions Listed Above: Chris Christmas, Chief Financial Officer

Anticipated Date of Completion: June 30, 2017

DocuSigned by:  
  
66BA29E6A4974D1  
John Davis, Executive Director  
DS  




— DEPARTMENT OF —  
**REVENUE**  
STATE OF MISSISSIPPI

Office of the Commissioner

March 15, 2017

Stacey E. Pickering, State Auditor  
Office of the State Auditor  
501 North West Street  
Suite 801  
Jackson, MS 39201

RE: Financial Audit Findings

Dear Mr. Pickering:

With respect to your audit of the financial statements of the Department of Revenue for the Fiscal Year ended June 30, 2016, we offer the following comments:

**2016-005 Controls Should be Strengthened Over Adjustments to Taxpayer Accounts**

**Response:**

We agree. MDOR went through a system upgrade from Version 9 to Version 10 of MARS at the end of FY2016. The work required for the upgrade was significant and slowed down our progress on any requests for changes to be made to the system. MDOR recognizes the importance of good internal controls and the potential impact on financial statements when those are not in place.

**Corrective Action:**

The system notification to monitor these types of adjustments has been developed and is now in testing. It will be in place prior to the end of Fiscal Year 2017.

Name: Jennifer Wentworth  
Date: 3/15/17

**2016-006 GAAP Packet Supporting Schedules Should Be Completed in a Timely and Accurate Manner**

**Response:**

We agree somewhat. However, it is important to note that it takes a significant amount of time to reconcile the information used to create the GAAP supporting schedules. DOR is not willing to sacrifice accuracy in order to compile the schedules earlier.

**Corrective Action:**

DOR has reviewed the procedures followed to compile the schedules and believes that complete and accurate information can be provided to the Treasury no earlier than October 1 of each year based on the current requirements. DOR is more than willing to participate in a joint meeting with DFA, Treasury and

Stacey Pickering, State Auditor  
March 15, 2017  
Financial Audit Findings  
Page 2

the Auditor's Office to review the process and requirements for the schedules in order to attempt an earlier completion date, if that is possible.

Name: Jennifer Wentworth  
Date: 3/15/17

**2016-007 Controls Should Be Strengthened Over the Reconciliation of Alcohol Beverage Control Taxes**

**Response:**

We agree. MDOR recognizes the importance of good internal controls and the potential impact on financial statements when those are not in place.

**Corrective Action:**

The DOR Accounting department has developed a process to reconcile the ending un-transferred collections balances for ABC tax collections. Those reconciliations are currently being performed and will be reviewed by management. We are using a similar process to the one developed for all the other MARS tax types.

Name: Jennifer Wentworth  
Date: 3/15/17

If there any questions concerning these responses, please contact Jennifer Wentworth at [Jennifer.Wentworth@dor.ms.gov](mailto:Jennifer.Wentworth@dor.ms.gov).

Respectfully,



Herb Frierson,  
Commissioner of Revenue





MISSISSIPPI DIVISION OF  
**MEDICAID**

FINANCIAL AUDIT FINDINGS

April 5, 2017

Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

In accordance with your correspondence dated February 21, 2017, the Mississippi Division of Medicaid (DOM) is providing the following responses for the financial audit findings for the fiscal year ending June 30, 2016.

**AUDIT FINDING:**

2016-001     Controls Should Be Strengthened to Ensure Accurate and Timely Reconciliations are Performed between Accounting Reports and the Underlying Supporting Documentation

**RESPONSE:**

The Mississippi Division of Medicaid (DOM) concurs with the finding. Due to the many federal match percentages available to DOM, timing issues, timing of the availability of necessary information, and other complexities, the federal share of expenses reported on required federal financial reports will differ from the amounts initially recorded in the Mississippi Accountability System for Government Information and Collaboration (MAGIC). DOM should strengthen controls to ensure accurate and timely reconciliations are performed between accounting reports and underlying supporting documentation. The audit adjustments noted in the finding were mainly to transfer revenues and expenses recorded in MAGIC between different grants. The adjustments in the finding noted as material had \$0 effect on total federal revenue recorded in MAGIC and approximately an \$11 million effect on federal expenses recorded in MAGIC. \$11 million is less than 0.25% of FY'16 federal expenses of over \$4.3 billion.

**CORRECTIVE ACTION PLAN:**

A. The Mississippi Division of Medicaid will strengthen controls to ensure reconciliations are made between amounts reported on federal financial reports and amounts recorded in the Mississippi Accountability System for Government Information and Collaboration (MAGIC), and necessary adjusting journal entries will be made in MAGIC based on these reconciliations.

B. Phil Allen

C. March 9, 2017 – Procedures are in place now to strengthen these controls.

**AUDIT FINDING:**

2016-002      Controls Should Be Strengthened to Ensure Compliance with Laws and Regulations Regarding the Timely Preparation of Agency Financial Reports

**RESPONSE:**

The Mississippi Division of Medicaid (DOM) concurs with the finding. The main cause for the delay in completing annual financial statements was obtaining and/or confirming amounts to record as “Due To/Due From” other state agencies. DOM also experienced difficulties in adjusting amounts recorded as interagency transfers and utilizing the Mississippi Accountability System for Government Information and Collaboration (MAGIC) to gather information. The difficulty in adjusting amounts recorded as interagency transfers is caused by the interagency transfer process in MAGIC and incorrect guidance provided by the Department of Finance and Administration (DFA) when the MAGIC system was implemented.

**CORRECTIVE ACTION PLAN:**

A. The Mississippi Division of Medicaid (DOM) will strengthen controls to ensure agency financial reports are prepared timely. DOM will seek approval of an extension of time to file from the Department of Finance and Administration (DFA), or other approved action, should the “Due To/Due From” amounts received from other state agencies be delayed. If no extension of time is approved, DOM will accrue estimates for “Due To/Due From” balances if other state agencies do not respond to DOM’s request for “Due To/Due From” balance confirmations timely.

B. Phil Allen

C. September 8, 2017 – We anticipate this will be the due date of the FY'17 annual financial statements. DOM anticipates strengthening controls and procedures to ensure annual financial statements are submitted to DFA by this date.

**AUDIT FINDING:**

2016-003      Controls Should Be Strengthened to Ensure Accrual Entries are Accurate and Accounts and Claims Payable are Properly Recorded

**RESPONSE:**

The Mississippi Division of Medicaid (DOM) concurs with the finding. DOM accrues Claims Payable by estimating the amount of medical service claims that will be paid in the following fiscal year for medical services that were performed for Medicaid eligible beneficiaries on or before June 30. The first weekly medical services claims payment made by DOM in FY'17 included claims submitted by providers to DOM for the last few days of June. Therefore, DOM recorded a portion of this first weekly claims payment with an FY'16 "Received Date". DOM failed to reduce our Claims Payable accrual amount by this amount. One contributing factor to this oversight is the transition of each agency booking all of their accrual entries to splitting these duties with the Department of Finance and Administration (DFA). DFA began making accrual entries for agencies when the Mississippi Accountability System for Government Information and Collaboration (MAGIC) was implemented in FY'15. At the end of the FY'15 lapse period, DFA provided a detailed report of all accrual entries they recorded for DOM. When DOM requested this detailed report for FY'16, DOM was informed by DFA the report was not available. DOM likely would have not overlooked the DFA accrual based on the "Received Date" if a detailed report would have been provided by DFA.

**CORRECTIVE ACTION PLAN:**

A. The Mississippi Division of Medicaid (DOM) will strengthen controls to ensure accrual entries are accurate and accounts and claims payable are properly recorded. DOM will extract information from the Mississippi Accountability System for Government Information and Collaboration (MAGIC) to identify all accrual entries recorded by the Department of Finance and Administration (DFA) and will adjust accrual entries recorded by DOM, if applicable. We appreciate the Office of the State Auditor's offer to appeal to DFA on behalf of state agencies to provide documentation of accrual entries. Having clear information on DFA accruals will greatly enhance DOM's ability to calculate and record accruals correctly in the future.

B. Phil Allen

C. September 8, 2017 – We anticipate this will be the due date of the FY'17 annual financial



Office of the State Auditor  
April 5, 2017

statements. DOM anticipates strengthening controls and procedures to ensure accrual entries are accurate and properly recorded.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dzielak", is written over the printed name.

David J. Dzielak, Ph.D.  
Executive Director

MISSISSIPPI DIVISION OF  
**MEDICAID****SINGLE AUDIT FINDINGS**

Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

April 5, 2017

Dear Mr. Pickering:

We have reviewed the single audit findings below in reference to our fiscal year 2016 audit. Listed below are our individual responses and plans for corrective action:

**AUDIT FINDING:**

CFDA Number – 93.767 – Children’s Health Insurance Program (CHIP)

Compliance Requirement: Period of Performance

2016-30      Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC)

**Response:** The Mississippi Division of Medicaid (DOM) does not concur with this finding. DOM maintains supporting documentation for all expenses related to each federal draw from the Children’s Health Insurance Program (CHIP) grant. DOM believes this supporting documentation and the grant information available in the Department of Health and Human Services Payment Management System (PMS) provides the Office of the State Auditor sufficient records to test the “Period of Performance”. Additionally, we have been instructed by the Centers for Medicare and Medicaid Services (CMS) in writing to spend all of our current grant allotment before drawing from the subsequent grant allotment. Therefore, CMS has specifically instructed DOM to use the “first in, first out” method rather than appropriately matching revenue and expenditures in a grant period.

Although the CHIP grant is divided into different grant years and/or allotments by the Centers for Medicare and Medicaid Services (CMS), the CHIP program is ongoing and has no known end date. Also, the purpose, requirements and services provided by the CHIP grant do not vary between grant years and/or allotments. Therefore, DOM doesn’t believe

it would be efficient to create new grants and internal orders in MAGIC each time a new CHIP grant year or allotment period begins and ends.

**Corrective Action Plan:** DOM does not concur with this audit finding. DOM will continue to follow the express written instructions from CMS on the expenditure of the CHIP grant funds.

**AUDIT FINDING:**

CFDA Number – 93.767 – Children’s Health Insurance Program (CHIP)  
93.777 – State Survey and Certification of Health Care Providers and  
Suppliers (Title XVIII Medicare)  
93.778 – Medical Assistance Program (Medicaid: Title XIX)

Compliance Requirement: Reporting

2016-031 Agency Should Strengthen Controls over Accounting Records by Reconciling  
Federal Reports to MAGIC in a Timely Manner

**Response:** The Mississippi Division of Medicaid (DOM) concurs with the finding. Due to the many federal match percentages available to DOM, timing issues, timing of the availability of necessary information, and other complexities, the federal share of expenses reported on required federal financial reports will differ from the amounts initially recorded in the Mississippi Accountability System for Government Information and Collaboration (MAGIC). DOM should strengthen controls to ensure accurate and timely reconciliations are performed between accounting reports and underlying supporting documentation. The audit adjustments noted in the finding were mainly to transfer revenues and expenses recorded in MAGIC between different grants. The adjustments in the finding noted as material had \$0 effect on total federal revenue recorded in MAGIC and approximately an \$11 million effect on federal expenses recorded in MAGIC. \$11 million is less than 0.25% of FY’16 federal expenses of over \$4.3 billion.

**Corrective Action Plan:**

A. The Mississippi Division of Medicaid will strengthen controls to ensure reconciliations are made between amounts reported on federal financial reports and amounts recorded in the Mississippi Accountability System for Government Information and Collaboration (MAGIC), and necessary adjusting journal entries will be made in MAGIC based on these reconciliations.

B. Phil Allen

C. March 9, 2017 – Procedures are in place now to strengthen these controls.

**AUDIT FINDING:**

CFDA Number – 93.767 – Children’s Health Insurance Program (CHIP)

Compliance Requirement: Allowable Costs/Cost Principles

2016-032     Agency Should Strengthen Control Procedures to Ensure Compliance with the Allowable Cost Requirements of the Children’s Health Insurance Program

**Response:** The Mississippi Division of Medicaid (DOM) does not concur with the finding. DOM contends the draw of CHIP funds made on June 27 was not inappropriate. However, DOM will strengthen control procedures to ensure quarterly grant award balances are sufficient to pay all grant costs for the related quarter. Per Centers for Medicare and Medicaid Services (CMS) regulations, DOM transferred “Quasi-CHIP children (children living in families with income between 100% and 138% of the federal poverty level) from the CHIP grant to the Medical Assistance Program (MAP) grant on 12/31/14. Although medical expenses related to “Quasi-CHIP children” are reported as MAP grant expenses, CMS requires DOM to use CHIP grant funds to pay for the “Quasi-CHIP children” expenses. Each week DOM receives the Request for Funds from Xerox that includes the total funds needed to pay the prior week’s medical service claims. DOM applies the current FMAP (Federal Medical Assistance Percentage) rate to the weekly medical service claims and to the balance of overpayments collected to determine the net amount of federal funds to draw. Expenses related to “Quasi-CHIP children” are included in the weekly Request for Funds. DOM doesn’t receive the information to separately identify “Quasi-CHIP children” expenses until quarterly reports are received from Xerox that we use to report expenses to CMS on the CMS-64 Report (MAP Grant) and the CMS-21 Report (CHIP grant). Since “Quasi-CHIP children” and other grant expenses cannot be separately identified each week, for ease of administration, DOM routinely uses MAP grant funds to pay all claims, including “Quasi-CHIP children” expenses weekly. Since DOM makes claims payments every week, federal funds are drawn each week. Because the expenditures are based on claims submitted by providers, there is no way to predict or calculate the exact allocation between federal grants at the time the federal draw is made to cover the weekly claim payment. DOM routinely draws from the MAP grant at the FMAP, which is applicable to most services. Some services, such as those provided for “Quasi-CHIP children” allow a higher federal match rate than the FMAP. Periodically the funds due from other grants, such as the funds due from the CHIP grant for expenses related to “Quasi-CHIP children”, are drawn. Reconciling amounts are drawn from the CHIP grant and a “negative draw” is entered for the MAP grant to restore the grant award balance for the “Quasi-CHIP children” payments that were made from the MAP grant.

On 7/7/16, \$43,792,636.34 was drawn from the MAP grant and the same amount of grant funds were restored to the CHIP grant, as a reversal of the June 27 draw. Because CMS requires MAP grant expenses to be reimbursed by the CHIP grant, DOM used MAP grant funds throughout the quarter to pay for expenses related to "Quasi-CHIP children", using CHIP grant funds for the weekly claim expenses at the end of the quarter was appropriate.

**Corrective Action Plan:**

A. DOM will strengthen controls to ensure quarterly grant awards are sufficient, if funding is available, to provide the federal match for each grant's quarterly expenses. Reports from the Department of Health and Human Services Payment Management System will be monitored and any possible CMS grant award revisions will be considered when determining federal funds availability by grant.

B. Phil Allen

C. March 9, 2017.

**AUDIT FINDING:**

CFDA Number – 93.778 – Medical Assistance Program (Medicaid: Title XIX)

Compliance Requirement – Special Tests

2016-033     Agency Should Implement Policy to Conduct Periodic Risk Analyses of all ADP Systems Involved in the Administration of HHS Programs

**Response:** The Mississippi Division of Medicaid (DOM) concurs with this audit finding. DOM's fiscal agent (Conduent, formerly Xerox Business Services) hosts and maintains our Eligibility system (MOD MEDS) and the Medicaid Management Information System (MMIS), both of which are used in the administration of HHS programs. A risk analysis of DOM's Eligibility System was performed in compliance with MARS-E v.2 Security and Privacy Controls framework. Additionally, an independent review of the suitability of the design and operating effectiveness of controls was conducted and a Service Organization Control (SOC1) report was provided to DOM. In compliance with federal guidelines, DOM will establish more stringent internal risk analysis procedures to ensure the confidentiality, integrity, and reliability of data associated with HHS programs are adequately protected.



Office of the State Auditor  
April 5, 2017

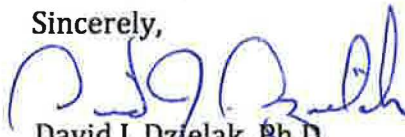
**Corrective Action Plan:**

A. The Mississippi Division of Medicaid will develop a schedule for review of the SOC1 and risk analysis documents and procedures. Additionally, the findings and actions taken will be documented via official memos and stored with the security files.

B. Keith Robinson

C. April 14, 2017

Sincerely,



David J. Dzielak, Ph.D.  
Executive Director

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**Auditor's note to the Response from Management**

**DIVISION OF MEDICAID**

**PERIOD OF PERFORMANCE**

***MATERIAL WEAKNESS  
MATERIAL NONCOMPLIANCE***

**Finding Number**

**Finding Heading**

2016-030

**Agency Should Segregate Expenditures by Grant Award Year in MAGIC**

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. While we understand that the Division of Medicaid claims that they use all grant funds each year, and that there is no hold over from grant year to grant year, personnel is unable to provide any documentation to verify this information. The Division of Medicaid is unable to provide a listing of which grant funds are used to pay specific grant expenditures – thereby eliminating the possibility of testing Period of Performance. As Period of Performance is specifically listed in the CHIP Compliance Supplement as an applicable area to test, we feel that it must be a Material Noncompliance finding. Grant funds should, at a minimum, be segregated in financial records by grant year.

**ALLOWABLE COSTS/COST PRINCIPLES**

***MATERIAL WEAKNESS  
MATERIAL NONCOMPLIANCE***

**Finding Number**

**Finding Heading**

2016-032

**Agency Should Strengthen Control Procedures to Ensure Compliance with the Allowable Cost Requirements of the CHIP grant.**

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. During the course of the audit, management at Division of Medicaid (DOM) provided multiple reasons and explanations for the over payment of CHIP

## **Auditor's note to the Response from Management - Continued**

funds to the Medicaid Program, including the initial response that the MAP funds were not available at year end, so they were drawn down from CHIP as a means of covering cash shortfalls. When presented with the preliminary finding, Management informed auditors that the expenditures were a repayment of "Quasi-Chip" payments from the fiscal year, and that they were reconciling amounts owed to MAP from CHIP. However, when pressed for more documentation (i.e. reconciliations performed to verify the amount; listing of Quasi-Chip expenditures this transfer covered; any detail of how amount was calculated), DOM could not provide any support for why the transfer was made or how it was calculated. Lack of documentation led auditors to believe that the transfer was made in order to cover lack of MAP funds at year end, as previously indicated by Management.



**OFFICE OF THE STATE TREASURER**  
**LYNN FITCH**  
TREASURER

FINANCIAL AUDIT FINDING

March 9, 2017

The Honorable Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

In accordance with your correspondence dated February 23, 2017, the Office of the State Treasurer (OST) is providing the following response for the financial audit finding for the fiscal year ending June 30, 2016.

**AUDIT FINDING:**

Audit Finding Heading:  
Finding Number: 2016-004

Revenue Should be Recognized in the Period it is Realized or Realizable and Appropriate Accrual Entries Should be Made During GAAP Conversion

Response:

We do not concur with the audit finding.

Simply stated, accrual cannot occur where it is not known to exist.

The Office of the Attorney General of the State of Mississippi (AGO) has managed all legal negotiations for the State of Mississippi with British Petroleum (BP) for economic damages from the Deepwater Horizon oil spill that occurred in 2010. All settlement documents, correspondence, and discussions, including those detailing all payments to be received, have been and continue to be handled through the AGO. The settlement agreement was signed by the Governor and the Attorney General on September 14, 2015. This document was considered effective when the Consent Decree was entered by the Court on April 4, 2016. This agreement states that any notices are to be provided and addressed in writing to the AGO and specifically includes the banking information for the AGO account for the wiring of funds related to the settlement agreement.

OST received no official notice from the AGO or the Governor that the settlement had been signed in September 2015. Nor did we receive any official notice that the Consent Decree had been entered by the Court in April 2016. At no point, did OST receive any official notice from any State agency of any payment plan for the settlement or of any schedule of such payments. To the contrary, informal discussions between staff of the AGO and OST indicated that any money received by the State in 2016 would not be received until after the close of the fiscal year on June 30, 2016. This same understanding is reflected in the Budget Summary, 2016 Legislative Session as prepared by the Legislative Budget Office and published on June 10, 2016. On page 10 of this official State document, the \$150,000,000 BP Litigation Settlement funds are considered FY2017 revenue.

Pursuant to SB 2898, 2012 Regular Session, the proceeds from BP for economic damages from the Deepwater Horizon oil spill are to be “deposited into the Budget Contingency Fund,” which is managed by OST. By the specific language of the settlement agreement, all funds are to be received by the AGO on behalf of the State. The AGO then must transfer the funds to OST for deposit into the Budget Contingency Fund, again, pursuant to SB 2898, 2012 Regular Session. The initial payment of \$150,000,000, based on the payment schedule detailed in the settlement agreement, was received at the AGO on July 1, 2016. That initial settlement payment of \$150,000,000 was received by OST via check from the Attorney General Contingent Fund on July 7, 2016.

The funds were recorded as revenue in the Budget Contingency Fund on July 7, 2016 by OST as FY2017 revenue. Our only knowledge was that (1) the funds had been and were always expected to be received in FY2017 by the AGO, (2) the funds had been received in FY2017 by OST, (3) the funds were immediately deposited into the Budget Contingency Fund in FY2017 pursuant to our statutory duty, and (4) the LBO officially considered these funds FY2017 revenue. In the normal course of action, settlement funds go directly to the General Fund and are recorded by DFA. The procedures for the BP settlement funds were unique.

With regard to the subsequent payments to be made by BP to the State of Mississippi in calendar years 2019 thru 2033, we recognize those payments as gain contingencies. Pursuant to the terms of the settlement agreement, the remaining payments are to be made to the State of Mississippi on the anniversaries of the effective date (April 4). However, even by the terms of this agreement, there are provisions that can materially alter the actual receipt dates, and even actual receipt, of such funds.

For example, under Section 5.3 of the settlement agreement, a default by BPXP may not even occur until sixty (60) days following April 4 and pursuant to the First Guaranty Section 1(a), under such circumstances, BP Corporation North America Inc. has another sixty (60) days from

default to make good on the default, changing the fiscal year in which revenues are received. Similarly, pursuant to Section 2.1 of the Second Guaranty, B.P. p.l.c. has an additional fifteen (15) days to make good on the default, stretching the payment date 135 days past April 4, which is August.

In addition, under Sections 5.6 and 8.6 of the settlement agreement, the Primary Guaranty and/or Secondary Guaranty may be modified or replaced with a letter of credit, trust agreement, or other financial assurance. Pursuant to Section 5.7, payment dates may be accelerated if there is a change of control or act of insolvency for B.P. p.l.c. Pursuant to Section 8.6, the State of Mississippi may modify the payment schedule. Moreover, pursuant to Section 11 of the Primary Guaranty and Section 10 of the Secondary Guaranty, payment terms may at any time be amended, as well.

As the preceding two paragraphs demonstrate, there are several provisions that can materially alter the actual receipt dates, and even actual receipt, of future funds under the settlement agreement. Given these uncertainties, we recognized these payments as gain contingencies. In GASB 62, paragraph 112, the Governmental Accounting Standards Board (GASB) cautions against the recognition of a gain contingency until the underlying uncertainty is settled. To do otherwise, might result in excessively early recognition of revenue, which violates the conservatism principle, that revenues are only recognized when they are *assured* of being received. As GASB 62 notes, early recognition of revenue could be misleading to those who rely upon our financial reports.

Corrective Action Plan:

No corrective action plan is deemed necessary by the Office of the State Treasurer. OST will request that the AGO alter the payment instructions in Attachment 2 of the settlement agreement, pursuant to Section 3.2 of that agreement, to provide that payments are wired directly to the OST.

Sincerely,



Lynn Fitch  
State Treasurer

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**Auditor's note to the Response from Management**

**TREASURY**

***MATERIAL WEAKNESS***

**Finding Number**

**Finding Heading**

2016-004

**Revenue Should be Recognized in the Period it is Realized or Realizable and Appropriate Accrual Entries Should be Made During GAAP Conversion.**

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. While the Office of the State Treasurer (OST) provided many reasons and opinions while the revenue was not appropriately recognized and accrued, none of these excuses supplant generally accepted accounting principles (GAAP). Revenues are realizable when it is reasonable to expect that cash will be received in the future, and the income from the judicial settlement is both **known** and **reasonably expected** to be received.

OSA agrees with OST that no additional corrective action is necessary as the appropriate journal entries to accrue settlement revenue were approved by OST and have been correctly reported in the CAFR for fiscal year 2016.

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## IV. INDICES



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**STATE OF MISSISSIPPI**

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**INDEX OF FINANCIAL STATEMENT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (by finding number)**

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**STATE OF MISSISSIPPI**

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**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY FEDERAL DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

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1. U.S. Department of Agriculture: Page 99
2. U.S. Department of Commerce: None
3. U.S. Department of Defense: None
4. U.S. Department of Housing and Urban Development: None
5. U.S. Department of the Interior: None
6. U.S. Department of Justice: None
7. U.S. Department of Labor: None
8. U.S. Department of Transportation: None
9. Appalachian Regional Commission: None
10. General Services Administration: None
11. National Foundation on the Arts and Humanities: None
12. Small Business Administration: None
13. U.S. Department of Veterans Affairs: None
14. Environmental Protection Agency: None
15. U.S. Department of Energy: None
16. U.S. Department of Education: 109
17. National Archives and Records Administration: None
18. U.S. Department of Health and Human Services: 121
19. Corporation for National and Community Service: None
20. Executive Office of the President: None
21. Social Security Administration: None
22. Department of Homeland Security: None

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**STATE OF MISSISSIPPI**

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**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY STATE GRANTEE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2016**

---

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Authority for Educational Television: None
7. Board for Community and Junior Colleges: None
8. Central Mississippi Residential Center: None
9. Corrections: None
10. Education: Page 109
11. Emergency Management: None
12. Employment Security: None
13. Environmental Quality: None
14. Finance and Administration: None
15. Forestry Commission: None
16. Gaming Commission: None
17. Governor's Office: None
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19. Human Services: Page 103, 125
20. Insurance: None
21. Library Commission: None
22. Marine Resources: None
23. Medicaid: Page 133
24. Mental Health: None
25. Military Department: None
26. Mississippi Development Authority: None
27. Oil and Gas Board: None
28. Public Safety: None
29. Public Service Commission: None
30. Rehabilitation Services: None
31. Secretary of State: None
32. Soil and Water Conservation Commission: None
33. Supreme Court: None
34. Transportation: None
35. Treasury: None
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: None

*Note: If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.*

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**STATE OF MISSISSIPPI**

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**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY FINDING NUMBER  
FOR THE YEAR ENDED JUNE 30, 2015**

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**STATE OF MISSISSIPPI**

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**INDEX OF MANAGEMENT RESPONSES TO FEDERAL AWARD FINDINGS  
AND CORRECTIVE ACTION PLANS  
LISTED BY STATE GRANTEE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2015**

---

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Central Mississippi Residential Center: None
8. Corrections: None
9. Education: Page 165 - 169
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: None
14. Forestry Commission: None
15. Gaming Commission: None
16. Governor's Office: None
17. Health: Page 183
18. Human Services: Page 191 - 204
19. Insurance: None
20. Library Commission: None
21. Marine Resources: None
22. Medicaid: Page 211 - 215
23. Mental Health: None
24. Military Department: None
25. Mississippi Development Authority: None
26. Narcotics: None
27. Oil and Gas Board: None
28. Public Safety: None
29. Public Service Commission: None
30. Rehabilitation Services: None
31. Secretary of State: None
32. Soil and Water Conservation Commission: None
33. State Fire Academy: None
34. Supreme Court: None
35. Transportation: None
36. Treasury: None
37. Veterans Affairs Board: None
38. Wildlife, Fisheries and Parks: None

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## **V. ACKNOWLEDGMENTS**



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## **ACKNOWLEDGMENTS**

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Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

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We would also like to thank staff members of the Office of Financial Reporting, Department of Finance and Administration, for their assistance through compilation of the Schedule of Expenditures of Federal Awards.

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